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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 162 Number 4422

New York, N. Y., Thursday, September 20, 1945

Price 60 Cents a Copy

Charles S. Dewey Now Vice-President of Chase National Bank

Charles S. Dewey, widely known as an authority on monetary and fiscal problems, has been appointed a Vice-President of the Chase National Bank.

Chas. S. Dewey

His appointment on the bank's staff was announced by Winthrop W. Aldrich, Chairman of the Chase board of directors. Mr. Dewey recently has been assisting Mr. Aldrich in his capacity as President of the International Chamber of Commerce and accompanied him to London for the meetings held there in mid-August by representatives of that organization from many countries.

Mr. Dewey was a Republican member of Congress from the Ninth District of Illinois for the two terms covering the four-year period 1941-1944. He was a member of the Banking and Currency Committee and the Ways and Means Committee in the House of Representatives.

During World War I Mr. Dewey served in the United States Navy and was a Senior Lieutenant on

(Continued on page 1347)

Index of Regular Features on page 1368.

"Now One Party Against Another"

By HON. ROBERT E. HANNEGAN*

Postmaster General

Chairman, Democratic National Committee

Democratic Party Spokesman, Pointing Out That With End of War an Appeal for Unity Outside Party Lines Is No Longer Required, States That the Republican Leaders Are Returning to "Old Fashioned Conservatism" and Are Obstructing the President's Post-War Unemployment Policy. Shares President Truman's Optimism and Urges All Democrats to Support the President's Policies and Prepare to Gain the Forthcoming Congressional Elections. In Subsequent St. Louis Address States That President Does Not Consider Whether He Is Going "Right" or "Left" but Whether He "Is Going Right or Wrong."

For me, a trip back to Missouri is well timed whenever I can make it. There is always a thrill in homecoming, in seeing old friends and fellow-Democrats and shaking their hands. But I am especially glad to be with you at this time, because there are some things that I have been wanting to say about politics, and this is the place, Missouri is the State, where I think they ought to be said.

Robert E. Hannegan

It was our State, you know, that proposed the name of Harry S. Truman for the Vice-Presidency at the last national convention. We did that because the late President Franklin D. Roosevelt preferred Truman; and of course, we of Missouri were gratified by that preference.

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*An address by Mr. Hannegan before the Democratic Women's Meeting, Springfield, Missouri, Sept. 17, 1945.

(Continued on page 1364)

Inflation Breeds Economic Insecurity

By IVAN WRIGHT

Professor of Economics, Brooklyn College

Professor Wright Maintains the Chief Elements of Economic Security Are Still Lacking in This and Other Countries, Despite Low Interest Rates and Technological Advances, and That Present Uncertainties Are Similar to Those Experienced in the Past. He Points Out That Real Relief Consists of Preventing the Occurrence of Conditions That Make for These Business and Financial Collapses, and That the Most Powerful Force in This Direction Would Be the Re-establishment of a Sound Currency Based on Gold. Recounts the Disastrous Effects of Inflation in Europe and Shows How It Adversely Affects Our Own Prosperity.

In these days of atomic power, and promised social security and made work for everyone, it might be well to compare some of the monetary explosives of the present times making for insecurity with some of the lesser similar conditions of recent history.

Dr. Ivan Wright

The rush to find security in the United States and England is probably the most striking indication of the growing insecurity. When men and their possessions are insecure it is natural to seek a haven of protection. Is insecurity greater now than in the recent past or is history just repeating itself? I believe an examination of economic and financial conditions will verify

(Continued on page 1356)

Germany After the Debacle

By HERBERT M. BRATTER

(Special Cable to the "Chronicle")

No Chance of Doing Business With Hitler's Successors. Conditions in Bremen and Hamburg. Inflation, Black Markets and Poverty Rampant. Hitlerism and Militarism Not Yet Extinct.

WIESBADEN, GERMANY.—It used to be repeatedly said, and correctly, that "You can't do business with Hitler." For the benefit of today's American businessmen, this correspondent bluntly reports it will be a long time before you can do business with Hitler's successors. There is just no international trade in this dazed, defeated and occupied country. Such goods as arrive are brought in by, and chiefly for, the military occupation forces. If a businessman came to this city to try to get things started again, he would not get to first base. Without the army's aid, he could not find sleeping and eating quarters or traveling accommodations.

Herbert M. Bratter

Flying into Germany from liberated Denmark, one views a Germany of farmers. The country looks the same as its neighbors, but upon landing at Bremen's airport, one commences to see a bombed city as he travels on an army-commandeered bus to his assigned billet. This is a city that has had the hell knocked out of it, and the billet may be the only habitable house on the block. Then one goes to town to the House of the Reich and,

(Continued on page 1359)

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How Far Should We Aid Europe?

By HERBERT HOOVER*

Former President of the United States

Ex-President Hoover, Though Upholding the Necessity for Helping European Recovery, Warns That There Are Limitations to Our Commitments Without Safeguards to Ourselves and Without Endangering Our Economy. Points Out That We Are "Far More Impoverished Than at End of Last War" and That Loans Are "a Poor Road to International Friendship." Urges a Five Year Moratorium on International Obligations and Lays Down Twelve-Point Program to Be Followed.

I shall respond to the invitation of your members that I should discuss the proposals for large post-war loans or financial aid from our Government for relief and reconstruction of our former allies. I refer to proposed direct aid from our Government over and above our indirect commitments already made through Bretton Woods, the Import-Export Bank and UNRRA.

Herbert Hoover

Let me say at the outset that I favor such financial assistance under safeguards and limitations.

Never in human history has there been such imperative need for wisdom and imagination in facing the common problems of mankind. They call for concepts of great generosity and tolerance that faith may be restored to the earth.

We in America can let no child, woman or man starve — whether friend or enemy—as long as we have an ounce of surplus. When it comes to financial assistance for post-war reconstruction, if we act without wisdom and without regard to experience, far from curing the ills of the world, we will make them worse.

Limitations to Lending

It is therefore the safeguards and limitations with which I am concerned. These are serious and if properly imposed will require great official frankness, courage and boldness of leadership.

Upon this problem I speak as the sole surviving American official from World War I who combined the functions of authority over a portion of the loans made

(Continued on page 1352)

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*An address by Mr. Hoover before the Executives Club of Chicago, Chicago, Ill., Sept. 17, 1945.

Chase Bank Announces Official Promotions

The Chase National Bank announced the following promotions on its official staff:

Ernest R. Keiter, James E. Scully and George F. Sloan as vice-presidents of the Trust Department;

Joseph E. Williams as second vice-president and Frederick C. Miller as assistant cashier of the Trust Department;

Henry Joseph Frank as assistant cashier in the Real Estate Mortgage Loan Department.

Great Britain's Financial Problem

By LORD KEYNES*

Representative of the British Treasury in Washington

British Economist Stresses His Country's Heavy Burden in the War and Points Out the Difficulties Involved in Britain's Recovery of Its Exports and in Abandoning the Financial Technique of the Sterling Area. Says Britain Is Faced With the Alternative of Economic Isolation Within the Sterling Area or of Cooperation "With Aid" From the United States. Asserts That "We Shall Not Lend Ourselves to the Soft and Deceptive Expedient" of Repeating the Experience of Last Time's War Debts, and Urges That U. S. and Great Britain Work Together in a Common Program to Build Up a Currency and Commercial Structure in the Best Interests of the World.

I am rather glad to have this chance of explaining the purpose of the present Mission to Washington in its proper perspective as we see it. The British Government had no reason to expect that lend-lease would continue for a significant length of time after the end of the war or would be available for any expenditure except that which arose out of the war in its concluding phases. We had been contemplating for some time back that a Mission ought to come from London to Washington not later than the present month to discuss with your Administration the mutually convenient basis for winding up lend-lease and reverse lend-lease and the financial and other arrangements to follow on, so as to cover the transitional period before normal conditions of trade could be re-established. We attached great importance to the avoidance, if possible, of an interregnum between the old arrangements and the new; and our intention was, therefore, to complete these conversations before the end of the war. You must remember that up to almost the other day the instructions of both our Governments were to act on the asumption that the war with Japan would last beyond the end of 1945. And even though some of us thought that we ought to be ready for a collapse by the end of 1945, the beginning of September looked last July soon enough for getting down to the matter in view of the very great difficulties in the way of an earlier date—in particular our General Election and a possible change of Government and the Potsdam Conference which caused the chief immediate concentration of attention of leading members and officials of both Governments on a different set of problems, namely, the defeat of Japan and the settlement of Europe. It had, however, been previously decided in London as long ago as last June that these Washington discussions ought to be started not much later than the beginning of September.

Lord Keynes

The atomic bomb and Japan's

(Continued on page 1345)

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* A statement issued by Lord Keynes at a Press Conference, Washington, D. C., Sept. 12, 1945.

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William B. Dana Company
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25 Park Place, New York 8
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Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, *President*
William D. Riggs, *Business Manager*
Thursday, September 20, 1945
Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico, and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

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SEC Decision on NASD By-Law Amendments

The Securities & Exchange Commission refused to disapprove the recent By-Law Amendments of the National Association of Securities Dealers which, among other changes, require registration of salesmen, traders, employees, etc.

The 24-page document constituting the Commission's "Findings and Opinion" emphasizes the invisible interaction and control lying in the shadow of the joint policing job operated by the SEC and the NASD.

The entire intertwining scheme upon which the SEC and the NASD are engaged is basically unsound. The Business Conduct Committees sit in judgment of their competitors. Review from these decisions lie before other competitors, the NASD Board of Governors. Further review is before the SEC, one of the joint policemen operating out of the same precinct.

Are the instant amendments the common brain child of the SEC and the NASD? We do not know. Neither the SEC nor the NASD will tell.

We have asked what conferences did the representatives of these two bodies have upon the subject? Who suggested what provisions? Were minutes kept and if so, will these be thrown open to the public? The answer—a significant silence.

It may well be that in rendering this opinion, the SEC passed upon the legitimacy of its own progeny.

Until the Commission and the NASD make voluntary disclosure of these matters, or until—as was suggested in the argument by the attorneys for the Securities Dealers Committee, a law is enacted making such disclosure compulsory, the Commission and the NASD will continue to be under a cloud.

It is notorious that power-possessing administrative bodies show limitless exertion to extend that power. We can understand why amendments enlarging the jurisdiction of these policing groups are "sympathetically" dealt with by the Commission.

The following are some phases of the decision deserving comment:

On the subject of the ballot, the Commission said:

> "We think none of the charges sufficiently sustained or of sufficient weight to warrant a finding that the proposals were not fairly submitted to vote."

Here the Commission muffed its duty by not permitting the taking of testimony on the factual issues. Such an application was made, counsel for the Securities Dealers Committee asserting that he was prepared to establish an improper submission of the ballot and the use of coercion and duress on non-voters.

(Continued on page 1365)

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First Month of Peace-Time Boom

By EDSON GOULD*

Smith, Barney & Co., New York

Stock Market Analyst, Noting the Rapid Rise in Industrial Shares, Predicts That It Is Unlikely That the Recent Pace of Advance Will Be Sustained, but Does Not Look for Immediate Sizable Reversal. Stresses Replacement Boom, but Points Out Economic Distortions May Lead to Sizable Decline in Stock Prices Quite a Few Months in the Future.

Edson Gould

The first month of peace witnessed a great resurgence of business and financial confidence that resulted in the most rapid rise in industrial stock prices in this whole bull market. Since sharp movements—whether bear panics or bull stampedes—seldom last more than 30 days, it is unlikely that the recent pace of advance in the market will be sustained. But it does not follow that a sizable reversal or reaction is in the offing. The outlook for stock prices continues favorable and a fully invested position still appears reasonable.

What we have been witnessing over recent weeks has been the effect upon the price structure of the market of only a trickle of investment of the huge supply of liquid assets in the country. As of the middle of the year these liquid assets (cash, bank deposits and U. S. Government securities held by individuals and businesses) amounted to $219 billion (a figure more than three times the market value of all

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*The views and opinions expressed herein are those of Mr. Gould and not necessarily those of Smith, Barney & Co.

(Continued on page 1346)

The Road to Peace

By ELLIOTT V. BELL*

Superintendent of Banks, New York State

Urging That We Do Not Botch the Job for an Enduring Peace, Mr. Bell Asserts That the Breakdown After the Last War Was Not Due to Failure of Private Enterprise but to Failure of Governments to Solve Economic and Political Problems. Says Remedy for Depression Is More Production and Not Government Spending and Points to Heavy Potential Demand for Goods as Means of Creating Post-War Prosperity. Holds International Picture Is Not So Bright and Advocates a Four-Point International Program and Cooperation With Great Britain to Restore the Basis for World Wide Trade and Economic Progress.

Elliott V. Bell

One month ago the war in which our two countries fought side by side came to a victorious end. In that war Canada and the United States, with their great allies, were solidly united behind a magnificent cause—the cause of making secure in the world the right of decent men and women to live their own lives in peace and freedom, safe from tyranny, cruelty and fear.

Victory over Germany and Japan will not alone insure the goal for which we fought. Enduring peace cannot be won

---

*An address by Mr. Bell before the International Meeting of the Jefferson Lewis Counties Bankers Association at Brockville, Ontario, Canada, Sept. 15, 1945.

(Continued on page 1361)

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Year Ended Sept. 30	Net Sales	Profit before Taxes and Contingencies	Federal & State Inc. Taxes	Net Income After Taxes	Earned Per Share
1945 (36 wks.)	$15,217,868	$1,936,443	$1,453,100*	$483,343	$4.02
1944	24,892,545	3,489,206	2,599,268*	889,938**	4.91***
1943	21,754,819	4,410,655	3,235,870*	1,174,785**	4.21***
1942	10,403,560	1,772,620	1,277,417*	495,203	4.13

*After deducting $273,695 post war refund of excess profits tax in 1944.
*After deducting $321,880 post war refund of excess profits tax in 1943.
*After deducting $ 10,620 post war refund of excess profits tax in 1942.
**Before provision for contingencies of $300,000 in 1944.
**Before provision for contingencies of $500,000 in 1943.
***After provision for contingencies.

Net Current Assets $17.62 Per Share. Book Value $29 Per Share

Approximate Market 26

Complete analysis on request

FIRST COLONY CORPORATION
Underwriters and Distributors of Investment Securities
70 Pine Street New York 5
Hanover 2-7793 Teletype NY 1-2425

International Through Bills Of Lading

By ALGOT BAGGE*

President of the Association of International Maritime Law
Vice President of the International Law Association

Prominent Swedish Jurist Points Out the Handicaps to International Trade Because of the General Lack of Through Bills of Lading Which Would Cover a Shipment Requiring Several Different Means of Transport From Its Initial Point to Final Destination. He Recommends an International Agreement for a Through Bill of Lading Which Would Fix and Apportion the Liabilities of All Carriers Participating in a Single Shipment as a Means of Facilitating International Trade and International Commercial Transactions.

Algot Bagge

In the present discussion of the very intricate economic post-war problems it is, I suppose, not very easy to get a hearing for trade questions of a more simple character. And yet, a good and speedy solution even of such questions may be a benefit to the whole world, which should not be underestimated.

Whatever the situation may be after the war, one thing is certain and that is, that the very remarkable development of the communications by air, by sea and by land, which is diminishing more and more every distance of the globe, tends to put trade between far away countries on about the same footing as trade between countries, which are more near to each other. To sell and send from one end of the world to the other should therefore be as natural and easy as to send goods between places rather near.

But to arrive to such a progressive state of affairs it is necessary not only to abolish, as much as possible, the trade barriers but also to take every possible positive step to the benefit of international trade.

Importance of Carrier Liability

Amongst such measures the introduction of a Through Bill of Lading, covering transport to every part of the world, is of the most important.

The rules as to the liability of the carrier in respect of the goods entrusted to him are of paramount importance for international commerce. Owing to the strictness with which, ever since the times of Roman law, that liability could be enforced, the buyer of merchandise coming from abroad, could, with some degree of certainty, expect to receive the goods undamaged within the time specified and, as a consequence, make his arrangements accordingly, or at least, if things turned out badly, obtain compensation for damage caused either by the loss or deterioration of the goods or by the delay in their delivery. It is on the basis of these rules and on the documents of carriage, embodying the rights of the buyer-consignee,

(Continued on page 1362)

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*Justice Bagge was until recently a member of the Supreme Court of Sweden and is an internationally recognized authority on Maritime Law, and has participated in international conferences on commercial and legal matters. He is President of the Stockholm branch of the International Chamber of Commerce and attended the recent meeting of its Council at London.

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83 - 86

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Approximate selling price—31

New Analysis on request

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The Steel Wage Controversy

Both Sides Make Public Their Contentions. Benj. F. Fairless of U. S. Steel Holds Increased Wages Would Mean Higher Steel Prices. Philip Murray, President of United Steel Workers, Contends Steel Companies "Have Never Before Been So Rich."

As forerunners of the proposed forthcoming demand of the CIO United Steel Workers for an increase of $2 per day in wage rates, statements were issued recently both by Benjamin F. Fairless, Pres. of the United States Steel Corporation, and by Philip Murray, who is President of the United Steel Workers, in addition to being President of the CIO. Mr. Fairless' statement, which was released on Sept. 15th is as follows:

Philip Murray

Benjamin F. Fairless

"The newspapers report that the United Steel Workers of America (CIO) will soon demand $2.00 a day increase. Two dollars a day is twenty-five cents an hour. Two dollars a day means a 32% increase in the basic labor rate, and a 21% increase in the average over-all straight time rates in U. S. Steel's steel producing operations. The Union proposal also means an average increase in direct cost from this demand alone of at least $6.00 per ton, when costs are already so high in relation to OPA ceiling prices that two-thirds of the industry's production of ordinary steel products is now being sold at an average loss. Price increases for steel products are absolutely necessary now and have been for some time, to take care of wage and other cost increases already imposed during the war years.

"It is time to put the record straight. No matter how much United States Steel may believe in high wages, wages cannot be increased in the steel industry at this time unless prices are materially increased.

"Wages cannot be considered separate and apart from steel prices. Wages paid in the steel industry and in the industries from which steel manufacturers obtain the articles and services needed for their operations represent a major cost of making steel. The Office of Price Administration now has data from steel companies making 85% of the country's ingot tonnage which show that on an over-all average basis these steel companies are losing money on two-thirds of the tonnage they produce.

"The reason is simple. It is because costs of making steel products, primarily labor costs, went up during the war far more rapidly than they could be absorbed while, except for minor adjustments, OPA ceiling prices did not advance. Any national policy which is concerned with maximum employment must help to create conditions under which employment in private industry is

(Continued on page 1367)

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Investors Need Not Be Alarmed by Economic Blueprints: Byfield

Holds They Are Streamlined Substitute for Political Slogans of Bygone Days Like "A Chicken in Every Pot."

"We see no reason," says Robert S. Byfield of the stock brokerage firm of Byfield & Co., "why the American investor should be alarmed by the economic blueprints of the future recently presented by various men in public life here and abroad. In bygone days political slogans comprised such simple phrases as 'a chicken in every pot' or 'two cars in every garage,' and these have merely been modernized and streamlined to appeal to the 1945 type of voter. We don't know what proportion of the ideas for the prosperity of all will ever find their way to the statute books because they will have to be paid for by taxes or borrowing, and this may be awkward and embarrassing. Just now these plans are like a corporate balance sheet which shows only the assets but omits the liabilities. The proposal to increase wages by a major fraction without increasing the selling price of the products manufactured has been highly criticized. We can only add that, like the Indian rope trick, it would be great if it worked.

"Actually the investor may derive some comfort from the knowledge that the 1945 version of the Brave New World, unlike the 1933 to 1939 versions, has no harsh words for him. True, he is not recognized as pulling much of an oar in the new craft, but there are hopes that his willingness and ability to provide tools, equipment and plants to help make high wages possible will entitle him, like all the other citizens to some 'rights,' such as, for example, the 'right to a fair return or profit.' Actually there are bullish implications in the President's message to Congress. If we are to have the optimum volume of business, we must place the capitalist in a happy and cooperative frame of mind to assist in this undertaking.".

First Boston Offers Indiana Gas & Water 3⅛% Bonds Due 1970

The First Boston Corporation was awarded at competitive sale on Sept. 17 $6,000,000 Indiana Gas & Water Co., Inc. first mortgage bonds, due 1970, on its bid of 101.489 for a 3⅛% coupon. The underwriter today is publicly reoffering these bonds at 102.187 to yield 3%.

Indiana Gas & Water Co., Inc. was organized this year to acquire from Public Service Co. of Indiana, Inc. all of the latter's gas and water properties together with one small ice company. Proceeds from the sale of the bonds will be applied toward the purchase price for the acquired properties.

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

Dom. of Canada, Internal Bonds

Abitibi P. & P. 5, 1953
Aldred Inv. 4½, 1967
Assoc. Tel. & Tel. 5½, 1955
Brown Company 5, 1959
Foreign Pow. Securities 6, 1949
Gt. Brit. & Can. Inv. 4½, 1959
Intl. Hydro Elec. 6, 1944
London & Cdn. Inv., 4½, 1949
Mont. Lt. Ht. & Pr. 3½, '56, '73
Montreal Tramway 5, '51, '55
Power Corp. of Cda. 4½, 1959
Steep Rock Iron Mines 5½, '57

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Indicated 1945 Div.	2.50	2.00	1.00
Approximate Price	48	48	20

*1944 Calendar Year
**Fiscal Year ending June, 1945

Annual report, just released, crystallizes splendid job management has accomplished in advancing Aetna-Standard Engineering Company's position in the machinery equipment field from eighteenth to third place.

A complete report on Aetna-Standard, prepared by our Investment Research Department, is available to all investors upon request.

LUCKHURST & Co.
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40 Exchange Place New York 5, N.Y.

Sees Danger Of Profitless Prosperity

Henry H. Heimann, Executive Manager of National Association of Credit Men, Mentions High Wages, Tax Burdens and Price Controls as a Tourniquet on the Flow of Profits.

Henry H. Heimann

The possibility of a profitless prosperity era confronts American industry as it starts back on a reconversion to peace time production, declares Henry H. Heimann of New York City, Executive Manager of the National Association of Credit Men, in his Monthly Business Review released on Sept. 17. High wages, increased burden of taxation, direct or indirect price controls all are factors he says which may constitute a tourniquet on the flow of profits. It will take great ingenuity and resourcefulness to conduct a profitable business under such conditions, he points out, as these extra items of cost cannot be offset by economies in other fields.

"There is nothing that can be done to escape the burden of the cost of servicing our national debt", Mr. Heimann says. "There is much to be done and much that should be done in arranging the debt service costs on the best possible terms and in the most businesslike manner. In addition to the cost of servicing the debt and the maintenance of the postwar military establishment, the ordinary costs of Government are going to remain abnormally high. Indeed, it will require constant pressure on our Representatives for economy to keep the burdens of ordinary Government costs at levels we can afford. The tax cost levied upon business is going to be extremely heavy for years to come. The next result is going to be a reduction in the net profits per dollar of sales, as well as a reduction on the interest or earning return for invested capital employed in business. It will also require an abandonment of the demands by pressure groups, in the interest of a sound economy for the whole nation instead of special privileges for various segments or groups of our people.

"In the matter of wages there is a worldwide pressure for an exceedingly high level. This demand is universal and must be met if we are to avoid much social unrest and work our way out from under our high burden of debt. The most logical way to meet the high wage scale is to have as a corollary to it a higher production performance. That is the sound and economic way. However, at the present time, labor representatives do not appear willing to admit that a higher production schedule is essential in support of a high wage policy. Unless they do accept this fundamental fact, high wages and restricted production will be in-

(Continued on page 1347)

WITH DEEP SORROW WE ANNOUNCE
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Public Utility Securities

Standard Gas Bondholders Benefit by Court Decision Upholding SEC Plan

Standard Gas & Electric filed a recap plan with the SEC in March, 1943, but a number of subsequent changes were made. The final amended plan was approved Nov. 18, 1944 and an enforcement order requested from the Federal District Court at Wilmington. Under this plan, the bondholders were to be paid off in a package of cash and securities with an estimated value of $1,000 (bonds were not allowed the redemption price because this was considered an involuntary dissolution).

To the surprise of the SEC, which previously had had good luck in its dealings with the courts, District Judge Leahy disapproved the plan, holding that bondholders should be paid off entirely in cash instead of in a package whose value would vary with market conditions. The SEC carried the case to the U. S. Circuit Court of Appeals at Philadelphia, which on Sept. 14 upheld the Commission. The Circuit Court's unanimous decision holds that if Congress had intended to make a distinction between the way in which shareholders and creditors were to be paid under the Holding Company Act, it would have so indicated. The SEC was also upheld on the point that the call premium should not be allowed to bondholders, since dissolution was involuntary.

The latter opinion seems a little beside the point because under the package plan bondholders may receive much more than the call prices (which range between 100 and 104 for the various issues). When the plan was first formulated the SEC attached a proviso that the amount of cash would vary according to an index of utility stock prices; if utility stocks should decline cash would be increased, and vice-versa. During the relatively short period in which the plan was considered by the Commission stocks advanced moderately and cash was reduced from $310 to $304.95.

Unfortunately, however, this equalizing factor ended when the plan was taken to the District Court, and the amount of cash was thereafter "frozen." But the utility market has continued to advance sharply during the intervening 10 months considerably increasing the estimated value of the package. Assuming that the market continues around present levels when the actual distribution is carried out, bondholders will receive a "windfall" at the expense of the preferred stockholders, who obtain what is left of the assets (represented by new stock of the holding company). The latter might have some theoretical interest in carrying the case to the Supreme Court, but there is no indication of such a move, and the SEC would doubtless oppose it.

Pacific Gas, originally valued in the package at $32 a share, is now around $40; Mountain States, then valued at $21 is now 25½. The other three stocks, California Oregon Power, Oklahoma Gas & Electric and Wisconsin Public Service are fully owned by Standard Gas, hence values must be estimated. California Oregon was valued by the SEC (under the plan) at roughly 11 times earnings and a higher multiple would now seem warranted. On the other hand, earnings in the first half of 1945 made a bad showing due to federal taxes (1944 earnings apparently reflected nonrecurring tax savings), indicating a possible decline for the year of about 75¢; this factor seems to offset any change in the multiplier.

Oklahoma Gas & Electric's earnings for the 12 months ended June 30 were $1.86 compared with $2.09 in the previous year. The Commission apparently used a multiplier of about 10. With the average utility now selling at 15.7 times earnings, a mutliplier of say 13 would seem reasonable, which applied to the lower earnings would produce a figure of 24 compared with the previous valuation of 21. Even this figure may be too low, since current earnings do not give full effect to the bond refunding of February, which resulted in a saving of 1% on $35,000,000 bonds (less increased taxes).

Wisconsin Public Service for the 12 months ended June 30 reported $1.16 vs. 92¢ in the previous period. The SEC valuation of 10 reflected roughly about 11 times the previous earnings; a present multiplier of at least 12 would seem warranted which applied to the increased earnings produces a value of 14.

In this brief analysis it is impossible to review the reasoning of the SEC in setting these former values, nor to make a comprehensive study of the factors which might enter into present appraisals. However, the fact that average utility stock prices have advanced about 22% in the past year tends to support the general conclusions here reached. Based on these market or estimated prices, the present value of the package would be about $1,136.

The bonds opened at 110 (up about five points) on the day after the decision.

However, there is always a possibility of further long delays if the case should be carried to the Supreme Court.

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Tomorrow's Markets Walter Whyte Says—

Difficult area around 180 figure confirmed by recent market action. Half positions sold at profits permitting sideline seats in comfort. Hold other half until further advice.

By WALTER WHYTE

According to all reports the wave of strikes, some started and some threatening, is responsible for the market's weakness. Well, it's an excuse, even if it is not a particularly convincing one. Certainly it is not the major reason for the decline. It would be naive to suppose that people with enough money to affect trends were not aware of the labor unrest and the possibilities of strikes. I don't know the answer but I do know that the average market participant, always looking for "reasons" for something which caught him flatfooted, grasps on anything as the explanation. That the labor disturbances had some bearing on the decline I'll agree. But I maintain that the market was ready for a halt and the news merely gave it the excuse and not the reason.

* * *

Readers of this column are well aware that the 180 figure represented a tough obstacle. Last week's column pointed out that the 180 point didn't necessarily mean the end of the move, it was even possible that the figure wouldn't even be reached. Well, it wasn't; it was missed by a fraction. How long a resting period, or how deep a reaction will take place before prices turn up again is something the market doesn't indicate at this writing. It is

(Continued on page 1363)

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Building Boom — Comparative analysis of 15 companies likely to profit from the anticipated building boom, citing passages from President Truman's message to Congress which appeared to have a direct bearing upon the future of these 15 companies—Brand Grumet & Ross, 120 Broadway, New York 5, N. Y.

Comment on Railroad Securities—Contained in the current issue of "Railroad Securities Quotations" issued by B. W. Pizzini & Co., 25 Broad Street, New York 4, N. Y.

Also available is a new six-page analysis pertaining to the **Boston & Maine $7 Prior Preference Stock.**

Railroads in the Reconversion Period—study of the outlook for the railroads—McLaughlin, Baird & Reuss, 1 Wall Street, New York 8, N. Y.

Texas Bond Yield Figures — Data on 10 Texas municipal issues — The Ranson-Davidson Company, Inc., Milam Building, San Antonio, Texas.

What Hopes for Railroad Security Holders?—Reprint of talk by Arthur C. Knies available to dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also a leaflet of ICC **Comment on Transportation Statistics.**

Abitibi Power and Paper 5% of 1953 — Memorandum — Stern & Company, 120 Broadway, New York 5, N. Y.

Aetna-Standard — Complete report—Luckhurst & Co., 40 Exchange Place, New York 5, N. Y.

American Forging & Socket Company — Memorandum — Syle and Company, 19 Rector Street, New York 5, N. Y.

Atlantic Coast Line Railroad Company — Special analysis — A W. Benkert & Co., Inc., 70 Pine Street, New York 5, N. Y.

Also studies are available on **Pere Marquette Railway Company** and **St. Louis-San Francisco Railway Company**, the latter an original analysis giving effect to the plan of reorganization.

Baker-Raulong Company—Analysis of condition and post-war prospects—F. H. Koller & Co.. Inc., 111 Broadway, New York 6. N. Y.

Also available are analyses of **Liquidometer Corp., Delaware Rayon and New Bedford Rayon.**

Benguet Consolidated Mining—circular—F. Bleibtreu & Co., Inc., 79 Wall Street, New York 5, N. Y.

Also available are memoranda on **San Mauricio Gold Mines** and **Mindanao Mother Lode Mining.**

Christiana Securities Company—analysis—Francis I. du Pont & Co., 1 Wall Street, New York 5, New York.

Cliffs Corp. — Memorandum — Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4. Ill.

Continental Aviation & Engineering—Study of outlook and possibilities for this company which is a factor in the field of jet propulsion—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass; Continental Aviation & Eng.; Michigan Chemical and Purolator Products.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **International Detrola.**

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn**, Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Gro-Cord Rubber Co.—recent analysis—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Also available is a study of **Mississippi Glass Co.**

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **Thermatomic Carbon Co.** and a new analysis of **Panama Coca-Cola.**

Le Roi Company — Study of common stock as a sound speculative purchase — First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Also available are studies of **Pittsburgh Railways, Simplicity Pattern Co., Inc.,** and **Winters & Crampton.**

Lipe Rollway Corporation—Circular — Herrick, Waddell & Co., Inc., 55 Liberty Street, New York 5, N. Y.

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co.,** 25 Broad Street New York 4, N. Y.

Maryland Casualty Company—Report—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Michigan Steel Casting—report—Strauss Bros., 32 Broadway, New York 4, N. Y.

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation** and **Magnavox Company.**

(Continued on page 1367)

New NASD By-Laws Effective December 15

National Headquarters of Association Moved to Washington, D. C.

Wallace H. Fulton, Executive Director of the National Association of Securities Dealers, Inc., announced yesterday that registration of partners, officers and certain employees of members will be effective as of Dec. 15, 1945. Originally, the Association intended to register principals and employees of member firms as of Oct. 1 but postponed the effective date awaiting decision of the Securities and Exchange Commission which on Sept. 14 upheld amendments of NASD's By-Laws and Rules of Fair Practice under which registration will be carried out.

Mr. Fulton also announced that the Association had moved its National Headquarters from Philadelphia to Washington, D. C.

H. Cushman Ballou With Dominick Firm

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that H. Cushman Ballou, recently retired as Lieutenant Commander in the United States Naval Reserve, had joined their investment department. Mr. Ballou has been a well known figure in the financial district for the past 20 years.

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Correction

In the "Financial Chronicle" of Sept. 13, it was indicated in a headline that the fourth annual Symposium on Federal Taxation would be held at N. Y. U. As reported in the body of the article, this Symposium will be held at the New School, 66 West 12th Street, New York City, Oct. 2, and for 10 Tuesday evenings from 8:30 p.m. to 10:10 p.m. Alex M. Hamburg is chairman.

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. . . . If this is indicative of a demand for space in this section, it might be a practical idea for the buildings to request the Government to vacate some of the space they now occupy. Surely the end of the war must mean that some of the large amount of space the various Government agencies occupy could be relinquished.

. . . . Gradual liquidation of Government leases would be more sound for real estate values, rather than a wholesale cancellation of these leases—say in a year or so hence. Higher rents could be maintained if this were done. A gradual availability of space could be taken up in a much orderly fashion than if the market was flooded with space all at one time.

SPEAKING OF THE FINANCIAL SECTION, WE LEARNED THAT THE 165 BROADWAY CORPORATION HAVE BEEN ACQUIRING THEIR BONDS. . . . THEIR STATEMENT DATED SEPT. 13 SHOWS $98,178.70 AVAILABLE FOR SINKING FUND. . . .

. . . . Another sinking fund available is that of the Sherry Netherland Hotel (Sherneth Corporation 5¾s, 1956). We hear that they have $77,654.93 available for this purpose and that they will be looking for tenders next week.

HERE IS A LONG RANGE SINKING FUND POSSIBILITY. . . . ONE OF THE DIRECTORS OF THE BEACON HOTEL HAS STATED THAT THIS YEAR'S OPERATION WILL PERMIT THE HOTEL TO PAY ITS BONDHOLDERS 3% INTEREST (PAYABLE APRIL 1, 1946). THIS WOULD AUTOMATICALLY PROVIDE ABOUT $44,430 FOR SINKING FUND, INASMUCH AS ALL EXCESS INCOME ABOVE 2% ON THE BONDS IS DIVIDED ½ FOR EXTRA INTEREST AND ½ FOR SINKING FUND. THEREFORE, AN INTEREST PAYMENT OF 3% WOULD MEAN 1% OF THE ISSUE FOR SINKING FUND.

. . . . These flush times have made possible some very remarkable interest payments, for instance the Savoy-Plaza Hotel. . . . In October, 1943, this bond paid $21.00 interest per $1,000 bond—October, 1944 it paid $95.00 per $1,000 bond and this October it will pay $111.00 per $1,000 bond, a total of $227.00 in three years. . . . We recommended buying this bond in this column in December, 1942 **at 9% or $90.00 for the whole $1,000 bond** (it's worth $850.00 now!).

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NSTA Notes

SUGGESTIONS FOR YEAR 1945-1946 AS PRESENTED AT MACKINAC MEETING BY THOMAS GRAHAM

1. A committee be appointed for revision of the constitution. There have been many changes in the NSTA and the trading and securities business since 1936. A report to be submitted at the next meeting of the National Committee.

2. Change from fiscal to calendar year for NSTA. Enlarge Executive Council by at least two additional members.

3. Effect closer bond with affiliates by during next year inviting all Presidents of affiliates to National Committee meetings and Executive Committee meetings.

4. Conventions in the future will be run by the National organization.

5. Policy to try not only to give information to all members, but also to senior officers and members of firms having NSTA membership designation. This will mean a supplemental mailing list must be carefully compiled. The membership as a whole must be kept informed. This is vital to NSTA success as an association of 2,300 individual members.

6. A Past Officers Club will be formed composed of all past officers and past Executive Council members. The annual meeting will be the first day of each Annual Convention, when the current officers will report to the "elder statesmen" on their stewardship.

Proposed list of Committee Chairmen:

J. Wallace Kingsbury, Kingsbury & Alves, New Orleans—Municipal Chairman.

J. Victor Mosley, Stroud & Co., Inc., Philadelphia—Corporate Chairman.

Paul Yarrow, Clement, Curtis & Co., Chicago—Vice Chairman.
Jack Hecht, Butler-Huff & Co., Los Angeles—Vice Cairman.
Richard Abbe, Van Tuyl & Abbe, New York—Vice Chairman.
J. W. Means, Trust Co. of Georgia, Atlanta—Government Bond Chairman.

Paul Moreland, Moreland & Co., Detroit—Educational Chairman.

Willis Summers, Troster, Currie & Summers, New York—Vice Chairman.

Harold Smith, Collin, Norton & Co., New York—Advertising Chairman.

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R. Jeremy Glas, Glas & Crane, New Orleans—Membership Chairman.

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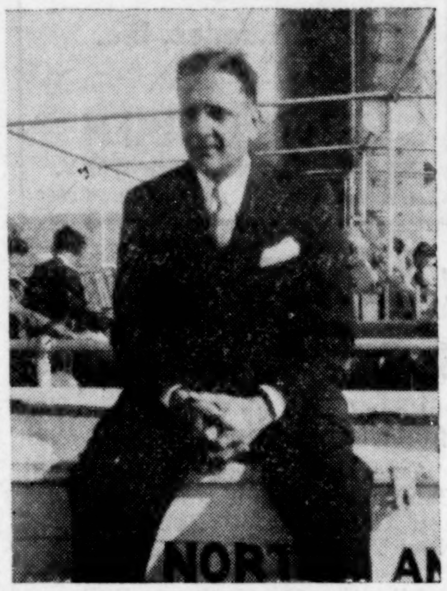

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Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville—Publicity Chairman.

7. Regarding General Policy Committee: The Policy Committee is the Executive Council when the National Committee is not in session. Following labor circle ideas, a General Policy Committee will be appointed, advisory in powers only, composed as follows:

Officers and members of Executive Council; Chairmen of all Committees; Past Presidents of NSTA; Presidents of all affiliated organizations.

All major policy matters will be transmitted to this Committee for suggestions to the officers and Executive Council, subject, of course, to the action of the National Committee. A small group cannot accomplish anything worthwhile without the support of its members and the tie with local affiliates must be increased for the general good.

8. In the past the Association has had a Contact Committee or Special Executive Committee of three members. This Committee has been primarily responsible for contact work with the Securities and Exchange Commission, National Association of Securities Dealers and Investment Bankers Association. It is felt by members of the Executive Council that this Committee should be re-formed.

9. Increase the democratic processes in the organization. The first meeting of the Executive Council and National Committee will be designated—"Presidents Conference." All Presidents of affiliates and Past Presidents of NSTA will be asked to attend and advise with the National Committee on matters coming up before them.

Suggestions will be appreciated by the officers. It is hoped to hold the first "Presidents" National Committee meeting before the end of the year. Suggestions regarding membership of the above Committees should be sent direct to the Chairmen.

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Great Britain's Financial Problem

(Continued from page 1338)

sudden collapse have thrown our time-table out and we find ourselves faced with the prospect of just that interregnum which we had hoped to avoid. Nevertheless, that is far from being the fundamental problem which faces us in the ensuing months. We have received far too much liberality and consideration in the famous Lend-Lease Act to make any complaint about the clean cut. Speaking personally, I in fact, rather envy you your characteristically drastic methods which you are applying, I notice, no less to yourselves than to us. I wish sometimes that there was something more of that spirit in my own country. We are in some danger of reacting too slowly to a radical change in circumstances and of not bracing ourselves forthwith, as we must do, to the new efforts ahead of us. It has to be admitted that after a full six years of war accompanied, not only by intense effort and sacrifice, but also by considerable privation, people in England were expecting a little relaxation. You in this country can have no idea how tired we are and what a difference it makes in the long run on the top of all the other miseries of war to have your standard of life cut by 20% and possess not near enough homes for the boys and evacuated civilians to come back to. Nevertheless, it may well be wholesome for us to be brought sharp up against the realities of our post-war position instead of being deceived, as well as comforted, by temporary expedients which would do little or nothing to solve the real problems of the transition.

Britain's Difficulties

Let me now turn to our particular difficulties and our fundamental problems. They have arisen out of the way in which it has been to the common interest to conduct the common war. Our role has been to mobilize a greater proportion of our population and for a longer period than in any other Allied country for actual fighting and the production of munitions. This has suited the common cause best. We have been enabled to do this mainly as I will now explain. Instead of having to expand our exports so as to pay for our own consumption and to provide for the consumption of our Allies we have been enabled and encouraged by lend-lease from the United States, by Mutual Aid from Canada and by the equivalent of loans from the countries in the Sterling Area, to sacrifice two-thirds of our normal exports so as to employ the manpower thus released in direct, instead of indirect, war activities. This arrangement has had various consequences.

In the first place, we are much worse off in tackling the task of recovering our exports and paying our own way than we should have been if the roles had been reversed. The result is that much more time inevitably must elapse in our case than in yours before we can restore the level of our exports even to the pre-war level whilst in addition the loss of a considerable part of our assets, which helped us to pay for our imports before the war, means that we shall not break even until we have reconverted our industry so as to achieve a volume of exports more than 50% above the pre-war level. To reach this is a colossal task.

In the second place, the financial technique adopted in relation to the Sterling Area, which has played an indispensable part in mobilizing our common resources for the war, especially in the early days, has had the effect that the financial and commercial arrangements of a considerable section of the world have become almost inextricably intertwined with our own financial and economic affairs in London. Most of the Sterling Area countries have in effect advanced to us substantially the whole of their external resources. The result is that they cannot continue to trade freely with the rest of the world in the post-war period unless we are in a strong enough position to release to them as available purchasing power some part of these resources.

There are therefore serious impediments in the way of the return of ourselves and of a number of other important trading countries to normal trading practices, as early as we should wish, and to the expanding world trade which is essential if standards of life throughout the world are to take the advantage they ought to take of the technical advances of our age.

The Alternatives

The United States and we in Britain and the other countries concerned are faced, therefore, broadly speaking, with two alternatives. Since trade is two-sided the problem is two-sided also.

The first alternative is for us to do the best we can with the resources we still command and aim at emerging slowly from our temporary difficulties with as little outside aid as possible, depending on the various defensive trade mechanisms which have been developed by war controls; matching the purchases we make from any country with the purchases that country makes from us and inevitably curtailing our overall import program on the lines of the greatest austerity of which we find ourselves capable.

There are a good many people in England who think that this is really our best plan. Personally, I think that they greatly underestimate the disadvantages of it not only to ourselves but to the trade of the world as a whole and above all to the prospect of avoiding occasions of friction and difficulty between friends and former allies.

The other alternative is to work out with you, and with your aid, some means of returning at the earliest possible date to normal trade practices without discrimination and to increased freedom and liberality in commercial and tariff policies; in the belief that the resulting general expansion of world trade will result in the final outcome in you and other countries as well as ourselves being much better off on balance than under the first plan. As the Ambassador has emphasized, we shall certainly not expect your Congress to approve any arrangements which have not been proved to their full satisfaction as being in the long-term interest of the United States itself.

Nevertheless, we have to face the fact that this second and, as it seems to some of us, far preferable alternative will not be at all easy to work out. We shall have to strive after it in a bold and constructive spirit with all the earnestness and concentration of purpose which the two sides to the discussion can command.

No doubt an easy course would be for you to offer, and for us to put our name to, a substantial loan on more or less commercial terms, without either party to the transaction troubling to pay too much attention to the question of the likelihood of our being able to fulfill the obligations which we were undertaking. But not only do I fear that the deception would probably have a very short life but it would be extremely shortsighted if the absence of friction and bad feeling between our two countries is—as I hope it is—one of our principal aims. However this may be, we shall not lend ourselves to any such soft and deceptive expedient. We are not in the mood, and we believe and hope that you are not in the mood, to repeat the experiences of last time's war debts. We would far rather, and here I know that I speak for all shades and sections of opinion and sentiment in my country, we would far rather do what we can to get on as best we can on any other lines which are open to us.

We hope for your understanding collaboration in finding the right way out of the transition. We are not concerned or anxious about the ultimate outcome. It is not only our fighting men who have proved themselves in this war. In relation to their numbers and our resources at home our administrators, our scientists, our manufacturers, our farmers and our workers have shown that they can hold their own with anyone. It would be absurd to suppose that the trouble a few years hence, either ours or yours, is likely to be due to an insufficient power to produce material goods. Our pains, ours and yours, are more likely to be due to our stomachs being fuller than our heads and our appetite weaker than our opportunity. Our immediate task and our first duty is to avoid an unnecessary mess meanwhile and a false start along the wrong paths.

A World Problem

We have to look at the financial and commercial problem of the world as a whole; and, moreover, build up a currency and commercial structure which is in the best interests not only of world prosperity (which our technicians will make easy) but of peace and good-will amongst men (which does not come so easily); so as to avoid the violent disturbances of international commerce which are the road to discontents which can shake the social order, and to maintain full employment and good wages everywhere by means that do not beggar but, on the contrary, enrich our neighbors.

I am sure that my country and yours have no conflict of purpose or of interest which need prevent us from working together in a common program. But we, as well as a large part of Europe and Asia, are being subjected to a violent disturbance of our economic equilibrium; at a time when men's spirits are exhausted, their patience and their tempers threadbare, and they are the prey to suspicion and fear and all uncharitableness. There was never more need of a truthful and objective judgment and of faith and faithfulness if the world is to harvest the fruits of what it has endured.

It is therefore at a bitter crisis of men's souls and minds, though the war itself be over, that we come "as a faithful ally," in Winston Churchill's words, to take counsel with the Administration of the United States on the ways and means of restoring the economic strength of ourselves and of that considerable part of the world, the economy and finance of which has, as I have said, become inextricably intertwined with our own.

Before leaving London I participated in a series of fruitful conversations with Mr. Clayton. We now hope to continue these in a wider framework and have an opportunity of putting the position without reserve, and exactly as we see it, before the leaders of your administration. There is no occasion here for secret diplomacy. Any proposals which the experts may work out amongst themselves will have to be justified before public opinion and the legislatures of our two countries and, indeed, of the whole world. There must therefore be no withholding of any part of the factual and statistical evidence on which they are based. But it will be desirable, in our opinion, that these should be presented in due course as a whole and not piecemeal prematurely.

Guaranty Inv. Co. Formed

DALLAS, TEX.—Guaranty Investments Co., Inc. is being formed with offices in the Irwin-Keasler Building to engage in a securities business. Officers are George F. Newell, Sr., President; Joseph L. Love, Vice-President; and Marion W. Hulsey, Secretary and Treasurer.

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Remember, won't you please, that in the production of alcohol for war purposes and for beverage spirits, distilling utilizes only the *starch* content of grain. Most of the *protein*, *vitamin* and *mineral* content finds its way back, in the form of feed, on the farms where the grain was grown. In the more careless, by-gone years most of it was wasted. Today it is precious.

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Legion of Merit to Commander M. Ward

LOS ANGELES, CALIF.—The Legion of Merit was awarded by Fleet Admiral Chester W. Nimitz to Commander Murray Ward, a Vice-President of Hill Richards & Co. on leave of absence, for invaluable services during the war in the Pacific.

Commander Ward, who participated in the invasions of Guam, Saipan, and Iwo, has served as fleet chief of press censorship for three years and is a member of Admiral Nimitz's staff.

During his years in the investment banking business, Ward was a devotee of yachting and was commissioned a lieutenant in the Naval Reserve nearly six months before Pearl Harbor. It is expected that he will return to the Spring Street financial community at an early date.

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First Month of Peace-Time Boom

(Continued from page 1339)

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Reconversion Proceeding Rapidly

The process of reconversion to peacetime work is proceeding with gratifying rapidity and apparently with excellent cooperation from governmental bodies and authorities. Controls are being relaxed and abandoned with far greater dispatch than most thought probable and many peacetime articles will be in large supply within a few months.

The President's Program

President Truman's 21-point reconversion and post-war program submitted to Congress last week tended to confirm the validity of the opinion expressed a month ago: "Now the prospect of very early termination of the Japanese war probably means early adoption of government attitudes that will tend to be inflationary." [1]

Requests for expansion of the GI Bill of Rights, for increased unemployment compensation, for strengthened crop insurance and price support programs, for passage of the full employment bill, for higher minimum wages, for housing legislation, for resumption of the public works program are scarcely calculated to exert a deflationary effect upon the economy.

Wages

Labor, anxious to retain its wartime gains, is already pushing hard for wage increases. Some have already been granted and others will follow. [2] The months ahead will probably witness a series of strikes and other labor difficulties, but this aspect of the situation is unlikely to have a bearish influence upon stock prices.

Price Control

OPA is anxious to continue price controls as an anti-inflationary measure and controls over rents and scarce materials are likely to continue for a further period, but for the great majority of manufactured articles the outlook now is that prices before too many months have passed will have found levels that will permit profitable operations in an active economy. The Government now seems as well aware as industry of the necessity for profits if production and employment are to be maintained.

Taxes

It is almost a foregone conclusion by now that corporate taxes will be lower in 1946. The only question is by how much. Reasonable opinions range from no excess profits tax (but retention of carryback provisions) and a 40% normal and surtax to a much reduced (now 85½%) excess profits tax with a 40% or moderately lower normal and excess profits tax.

At any rate there appears a good chance that taxes may be sufficiently lower next year to permit, on the assumption of a good volume of business activity, a fair gain (10% to 20%) in industrial corporation net earnings after taxes over 1945 results.

If this materializes, higher-than-current dividends are a good probability and this would have a direct (and favorable) bearing upon the price structure of the market. Over the past month, incidentally, there have been more increases than decreases in industrial corporation dividends. [3]

Replacement Boom

The probability is that so far as the stock market is concerned, the replacement boom is here. In other words stock prices are in process of discounting the earnings to result from the large volume of goods expected to be produced and distributed over the next year or two, at least.

When and as we approach the time when the insistent replacement demand shows prospects of ending and especially if, as seems probable, further distortions creep into the economic structure, stock prices may make a temporary top from which a sizable decline may occur, but that juncture, at this time at least, appears quite a few months in the future.

Intermediate Term Outlook

The outlook still is that the market is in process of readjustment from a wartime yield basis of approximately 4% to a peacetime basis approximating 3%. [4] Dow-Jones Industrial equivalents are 170 and 225, so that there is ample scope for further advance, providing no shock to confidence intervenes. The intermediate term outlook suggests that apart from normal reactions of 5% to 6% (9 to 10 points in the industrial average) the trend may well continue upward to above the 200 level.

The stocks that have shown the greatest strength over recent weeks have been typical "peace stocks," namely, stocks representing companies in a position greatly to benefit from cessation of hostilities, and these stocks are likely to continue market favorites over a further period. Sooner or later the heavy industries—steels, metals, machinery and rails—are likely to participate more actively than in recent weeks in stock market strength.

It is entirely normal for the market to have some sort of fourth quarter decline and thereafter to have a strong year-end rally and these tendencies may well be seen this year.

Investment Policy

A policy of maintaining a fully invested position appears warranted on the basis of the outlook described. Where funds are awaiting investment protracted delay in anticipation of, or hopes for, a sizable reaction appears unwise. The virtual certainty that wages, commodity prices and living costs will move higher before moving materially lower, and the probability of at least some relief in individual tax burdens, combine to suggest that equities in American corporations are likely to prove entirely satisfactory holdings for a further period.

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[1] See "The Chronicle" Aug. 16, 1945, p. 731—"Bull Stampede—Accent on Inflation."

[2] CIO-United Steel Workers are seeking a 20-25% increase ($2 per day); CIO-United Automobile Workers are demanding a 30% increase.

[3] Increases include W. T. Grant, Kayser, Electric Auto-Lite, Thermoid, Howe Sound and City Stores; Cutler Hammer reduced its dividend.

[4] Wartime markets—because of the many attendant uncertainties—tend to sell lower in relation to dividends than peacetime markets. This was explained in some detail in the memorandum, "Bull Stampede—Accent on Inflation."

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New York Philadelphia Pittsburgh Minneapolis

John J. O'Kane Heads Wall St. Legion Post

John J. O'Kane Jr. was elected Commander of the Wall Street Post, American Legion for the year 1946. He will be supported by newly elec- Vice Commanders Alfred W. Miller of Dominick and Dominick, Lawrence Lyons of Allen & Co., and Irving Manney of L. J. Schultz & Co. Finance Officer Richard Hettler and Adjutant-Past Commander Clement D. Asbury, both of Thomson & McKinnon, were reelected to their offices. Sydney Melven of S. R. Melven & Co. was returned as Service Officer.

John J. O'Kane, Jr.

Membership of the Post has risen to 212, mostly brokers and stock traders, but no element of the financial fraternity is unrepresented. About 100 members fought in World War II and one of them is an Ex-Wac.

Annually the Post celebrates Bill of Rights Birthday on the steps of Federal Hall where the Post has quarters, with a patriotic public rally. The Bill of Rights was enacted Sept. 25 on the site of Federal Hall 156 years ago and this year the date falls on Tuesday and all folks downtown are urged to gather at Wall and Nassau Streets to honor the first public exhibition of the Perry Flag, of 31 stars flown by the Commodore when he opened Japan in 1853 and carried above the table on the decks of Admiral Halsey's Battleship Missouri when Japanese delegates signed their nation into unconditional surrender. The Flag has just returned from Japan and Captain H. A. Baldridge is bringing it from Annapolis Naval Academy Museum.

At this rally, the post makes an award of a gold medal to that citizen deemed to have done most to uphold and preserve our fundamental liberties as typified by the Bill of Rights. Cecil B. deMille of Hollywood was selected as the man who had most effectively focussed on attacks on political freedoms inherent to Americans and for his determined fight against political coercion, the 1945 Americanism medal will be bestowed on him. Mr. deMille is coming from Hollywood especially to receive this award and be principal speaker that day. For the American Legion, County Commander John J. Lawlor will make a Bill of Rights address. Mr. Messmore Kendall will read Governor Dewey's message and Congressman Alvin E. O'Konski from Wisconsin will speak for a World Bill of Rights. The Legionnaires will be lead in a recitation of their oath to preserve and protect the Constitution by Commander Reeve C. Lahr of the Wall Street Post and Mr. Barney Balaban, Vice-President of the Bill of Rights Commemorative Society will present Mr. deMille with a replica of the Library of Congress copy of the Bill of Rights. All discharged veterans of the Wall Street District are urged to don their old uniforms that day and appear on Federal Hall steps as a part of this program and in honor of the Perry Flag.

In the evening at the Hotel Pennsylvania the Post is tendering a banquet to Mr. deMille, application for tickets, $5 per person should be made to Finance Officer Richard Hettler, Thomson & McKinnon, Hanover 2-5100.

Roy Bard Partner in Shearson, Hammill Co.

CHICAGO, ILL.—Roy E. Bard, member of the Chicago Stock Exchange and Chicago Board of Trade, will be admitted to partnership in the New York Stock Exchange firm of Shearson, Hammill & Co. He will make his headquarters at the firm's office at 208 South La Salle Street. Mr. Bard was previously a partner in Clement, Curtis & Co.

Ermand J. Rifflard Dead

Ermand J. Rifflard, a partner in Roosevelt & Son, investment banking firm of 30 Pine Street, New York, died at the age of 73. Mr. Rifflard, who joined the Roosevelt firm in 1888, became general partner in 1934. For more than 10 years he had been in charge of the real estate owned by the various Roosevelt estates on Long Island.

We have prepared a memorandum on

MIDLAND REALIZATION
and
MIDLAND UTILITIES COMMON

Copies available upon request

DOYLE, O'CONNOR & CO.
INCORPORATED
135 SOUTH LA SALLE STREET
CHICAGO 3, ILLINOIS

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Laidlaw Opens New Municipal Bond Dept.

Laidlaw & Co., 26 Broadway, New York City, private banking firm founded in 1842, has announced the opening of a Municipal Bond Department to conduct a general business in municipal bonds.

Frank L. Lucke, who recently became associated with the firm, will direct the activities of this department. Mr. Lucke was associated for a number of years with the Municipal Bond Department of the Manufacturers and Traders Trust Co. of Buffalo, New York.

The firm also announces that Edward J. Meyers has become associated with them in this department. Mr. Meyers was formerly associated with Kidder, Peabody & Co., in their Municipal Bond Department.

Laidlaw & Co., besides being private bankers, are members of the New York Stock Exchange, the New York Curb Exchange, the Boston Stock Exchange, the Chicago Board of Trade, the American Bankers Association and the New York State Bankers Association. The main office and banking quarters are located at 26 Broadway, New York. Branch offices are located in Boston, Washington, Bloomfield, N. J., Oil City, Penn., Montreal and Toronto.

Rakestraw, Betz Will Admit Two Partners

PHILADELPHIA, PA.—Edward H. White, Jr., member of the New York Stock Exchange, and Neil J. Sullivan will become partners in Rakestraw, Betz & Co., 123 South Broad Street, members of the New York and Philadelphia Stock Exchanges. Mr. Sullivan has been with the firm for a number of years.

William J. Smith & Co. To Be Investment Dealers

(Special to The Financial Chronicle)

CHICAGO, ILL. — William J. Smith, Theophilus C. Ponting, and Thomas E. Austin have formed William J. Smith & Co. to conduct a general securities business. Offices will be maintained at 111 West Washington Street, Chicago and in the First National Bank Building in Effingham, Ill. All the partners of the firm have been with the State of Illinois. In the past Mr. Austin was with Shillinglaw, Crowder & Co. and Midland Securities Company.

Chicago Personnels

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Ralph M. Sommers** has joined the staff of **Farwell, Chapman & Co.,** 208 South La Salle Street. Mr. Sommers, who has recently been serving in the U. S Navy, was formerly with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**William L. Graham**, recently serving with the Navy, has become connected with **Mitchell, Hutchins & Co.,** 231 South La Salle Street.

Charles S. Dewey Now Vice-President of Chase National Bank

(Continued from first page)

the Battleship Mississippi while overseas. After the war he was elected a Vice-President of the Northern Trust Company in Chicago and engaged in the banking business for several years.

Mr. Dewey was appointed Assistant Secretary of the Treasury in 1924 by President Coolidge and served in that capacity until 1927. In that year, upon nomination by the Federal Reserve Board, he was invited by the Polish Government to go to Warsaw as financial advisor to the Republic of Poland and Director of the Bank of Poland. During the ensuing three years he planned and directed the reorganization of the monetary and fiscal systems of that country, an achievement which was widely acclaimed.

As a member of the United States Congress during the wartime period he was an able advocate of sound fiscal policies and participated vigorously in the discussions of post-war monetary and trade problems. He was an observer at the Bretton Woods Conference last year.

Mr. Dewey is a graduate of St. Paul's School at Concord, New Hampshire, and of Yale University. For many years his home was in Chicago, but he has been residing in Washington and New York recently.

Calder Director of Lehman Corporations

Curtis E. Calder, Chairman of the Board of Directors, Electric Bond and Share Co., has been elected a director of the Lehman Corp., according to an announcement by Robert Lehman, President.

Mr. Calder, before becoming Chairman of Electric Bond and Share last year, had been President of American & Foreign Power Co., Inc. since 1927. Prior to that date he had been President of Texas Power & Light Co. and Dallas Power & Light Co., and had occupied other executive positions in the electric power industry.

In 1943 Mr. Calder served as director general of the War Production Board in Washington, and from 1939 to 1941 he was a public director of the New York Stock Exchange. He is a director of The National City Bank of New York, the American Bank Note Co. and other corporations.

Albert Williams Dead

Albert J. Williams, senior partner in Boenning & Co., 1606 Walnut Street, Philadelphia, died at his home at the age of 46. Mr. Williams, who served with the Royal Air Force during the first World War, joined Boenning & Company in 1934, being made senior partner in 1943. He served on the governing board of the Philadelphia Stock Exchange and held directorships in several companies.

PUBLIC UTILITY COMMON STOCKS

American Railways Corporation
Black Hills Power and Light Company
Central Illinois Electric and Gas Company
Empire District Electric Company
Iowa Public Service Company
Lake Superior District Power Company
Michigan Public Service Company
Missouri Utilities Company
Public Service Company of Colorado
Public Service Company of Indiana
Sioux City Gas and Electric Company
Southwestern Electric Service Company
Southwestern Public Service Company

A.C.ALLYN AND COMPANY
Incorporated
Chicago New York Boston Milwaukee Minneapolis Omaha

Sees Danger of Profitless Prosperity

(Continued from page 1342)

flationary or, in case of rigid price control, confiscatory of business capital. Here is a vital matter—an issue that must be solved by business and labor if we are really going to enjoy high production, reasonably priced unit costs, wide distribution and consequent prosperity.

"Price control pressure also is worldwide. Unless a compromise that permits of reasonable price adjustments can be found, which policy should reflect in part at least the added costs, the incentive to invest in private enterprise will be gone, for capital can under these circumstances expect inadequate returns. The normal forces of competition in many, if not most industries, it would seem, would be adequate and effective price control. This competitive or natural economic governor or evaluator would suffice to keep prices in line for most commodities. Artificial price control by legislation is usually impractical in a peace-time economy.

"Please note these three important factors which will bear down on the earnings capacity of business and the return on capital investment. It also should be noted that some of these conditions are almost wholly beyond amelioration by business, irrespective of its ingenuity and resourcefulness. There are other factors involving the same consequence, of perhaps lesser importance."

On the proposed bill for full employment, Mr. Heimann declares that it is fraught with many dangers.

"All of the high-sounding social aims and objectives of the best intended legislation to reach the millenium will collapse like a house of cards if the effect is to destroy man's incentive to venture and to explore new fields for reasonable investment returns or personal rewards," Mr. Heimann declares. "The issue really boils down to a simple equation—if the capitalistic system we have utilized to build the greatest nation on earth is to survive, we cannot weaken its foundation by destroying that incentive to build. If, on the other hand, we want a socialistic system to replace the free enterprise system, which has made America great, then the philosophies that are moving us into a profitless prosperity era constitute the shortest way to attain such a socialistic goal. In keeping with the above thought it would be well to reflect a bit on the full employment bill now before our Representatives and bearing the endorsement of the Administration.

"It is obvious that every man, woman and child in this country has a deep sense of appreciation and gratitude for the way our present leadership has met the most critical period in our history. The record will show how well these tremendous responsibilities were discharged and the nation will be eternally grateful for the services of our statesmen in these critical times. It is because of this very fact that it becomes most difficult to criticize any piece of legislation, the theory of which is so worthwhile and the purposes of which are so humane and which bears the endorsement of those we respect. It is even more difficult to object to such legislation when its consequence depends as much upon its administration and use as upon its legal implications. It is, however, in a representative form of government, the duty of each citizen to analyze measures of far-reaching consequence such as the full employment bill, and to subject such legislation to public discussion and debate."

Clement, Curtis to Admit Franklin Clement

CHICAGO, ILL. — Franklin G. Clement will be admitted to partnership in Clement, Curtis & Co., 134 South La Salle Street, members of the New York and Chicago Stock Exchanges, on Oct. 1. Mr. Clement has been associated with the firm for many years.

CONTINUOUS INTEREST IN:
THE SECURITIES OF

Le Roi Co.
Koehring Co.
Nekoosa-Edwards Paper Co.
Wisconsin Power and Light Co.
Compo Shoe Machinery Corp.
Wisconsin Electric Power Co.
James Manufacturing Co.
Standard Silica Co.
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Northern Paper Mills Co.
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***American Service Co.**
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Common

*Circular on request

ADAMS & CO.
231 South La Salle Street
Chicago 4, Illinois
Teletype CG 361 Phone State 0101

Republic Investment Co. Formed in Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL.—The Republic Investment Company is being formed with offices at 231 South La Salle Street, to engage in a securities business. Officers are A. Morris Krensky, President; Harris S. Krensky, Vice-President, and Ida M. Krensky, Secretary and Treasurer.

Mr. A. M. Krensky in the past was a partner in A. M. Krensky & Bros., with which Mr. Harris Krensky was also associated, and was an officer of Lowell Niebuhr & Co., Inc.

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Fifty-fifth Year of Dealing in
CONNECTICUT SECURITIES
Primary Markets—Statistical Information

CHAS. W. SCRANTON & CO.
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Michigan Brevities

Stainless steel sheet and strip, never before produced in the Detroit area, is now in production at McLouth Steel Corp., according to President Donald B. McLouth.

Although production is limited by the firm's present facilities, a separate division for the manufacture of McLouth stainless steel is now under construction on property adjoining the present plant site.

Full output will be attained for a wide range of gauges and types of stainless steel to meet the rapidly increasing demand in the automotive, refrigeration, home appliance, dairy food equipment and other industries, Mr. McLouth said.

* * *

Details of three new products were revealed at Detroit by M. G. O'Harra, Vice-President and General Sales Manager of the Norge division of Borg-Warner Corp. They include a portable water cooler, a home and farm freezer and an automatic cycle washer.

Salient features are as follows:

Portable water cooler—Adaptable for use in offices, homes, etc. Capacity of 1½ gallons can be cooled in one hour.

Home and farm freezer—Four sizes. Capacity 6 cubic feet, 11, 18½ and 26. Chest type, lift lid construction.

Automatic cycle washer—Design and features are such as to lead company officials into the belief it is likely to open up an entirely new segment of the field for this type product. Fully automatic in operation.

* * *

Frederick W. Pritchard has been made Vice-President & Treasurer of Goebel Brewing Co., it was announced by Edwin J. Anderson, President. Pritchard replaces F. C. Bishop, who has resigned.

Mr. Pritchard was formerly Vice-President and Treasurer of the McAleer Manufacturing Co., and President of the Trust Company of North America of New York.

* * *

William D. McIntyre, Vice-President and Treasurer of the Monroe Auto Equipment Co., announced the purchase of a new plant in Hillsdale, Mich., and expansion of the company's main factory and another recently-acquired plant at Detroit.

The entire expansion program involves an expenditure of approximately $1,500,000 for plants and equipment, according to Mr. McIntyre, who also observed that the Hillsdale plant will be in full operation before the end of the year.

With the new facilities available, the firm's reconversion has been reduced to a minimum and operations are under way on a volume of peacetime orders that is by far the largest in the company's history, McIntyre added.

* * *

Miller Manufacturing Co. has announced that, through Baker, Simonds & Co., it has arranged to borrow $850,000 through a combination of a bank term loan and a 25-year debenture issue to finance the purchase of 98% of the stock of Monroe Steel Castings Co., Monroe.

General Industries Co.
National Stamping Co.
Reports furnished on request
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Buhl Bldg., Detroit 26
Cadillac 5752 Tele. DE 507

TRADING MARKETS

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DETROIT 26, MICH.
Teletype DE 75
Battle Creek Lansing
Bay City Muskegon

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Privilege of William J. Crowley to act as alternate on the floor of the Exchange for Walter Hirshon of Hirshon & Co. was withdrawn on Sept. 13.

Privilege of Milton C. Pfizenmaier to act as alternate on the floor of the Exchange for J. Truman Bidwell was withdrawn on Sept. 15, and on the same date the firm of Bidwell & Co. was dissolved.

Hall & Wyle was dissolved on Sept. 15.

Howard C. Rand, partner in Proctor, Cook & Co., died on Sept. 9.

Interest of the late Michael Nerlinger in Jewett, Newman & Co., ceased on Sept. 11.

SIMPLEX PAPER CORP.
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Bond Cub of Detroit Elects New Officers

DETROIT, MICH.—The Bond Club of Detroit has elected the following officers for the fiscal year 1945-46—President: Howard L. Parker of M. A. Manley & Company; Vice-President: Douglas H. Campbell of First of Michigan Corporation, and Secretary-Treasurer: Joseph F. Gatz of McDonald, Moore & Company. These officers and the following constitute the Board of Directors of the Club: William M. Adams of Braun, Bosworth & Company, Ex-Officio; Jones B. Shannon of Miller, Kenower & Company; William Siler of Siler & Company, and H. Russell Hastings.

The Club plans the customary activities for the coming year, including luncheons with speakers, an Annual Dinner, a Spring and Fall golf outing, and such special functions as events may make advisable. At the present time, the Club has a total membership of 110.

Detroit Personnels

DETROIT, MICH—**Albert J. Curley** is with **Bache & Co.**, Penobscot Building

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**Bernard T. McQuillan** has joined the staff of **Carr, Chapin & Co.**, Penobscot Building.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**William D. Fitzhugh** has become affiliated with **Mercier, McDowell & Dolphyn**, Buhl Building. In the past Mr. Fitzhugh was with James E. Ryan & Co. and Wm. C. Roney & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**Waldo A. Hammett** has become associated with **Paine, Webber, Jackson & Curtis**, Penobscot Building. Mr. Hammett was formerly with Baker, Simonds & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH.—**James C. Finn** has been added to the staff of **Watkins & Fordon, Inc.**, Penobscot Building.

Robert C. Jones & Co. Admits August H. Schmidt

WASHINGTON, D. C.—Robert C. Jones & Co., Metropolitan Bank Building, members of the Washington Stock Exchange and New York Curb Exchange, admitted August Henry Schmidt to partnership in the firm on Sept. 1.

Westheimer to Be Partner

CINCINNATI, OHIO—Robert I. Westheimer will be admitted to partnership in Westheimer & Co., 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges, on Oct. 1. Mr. Westheimer has been with the firm for a number of years. In the past he was associated with L. F. Rothschild & Co. and Hirsch, Lilienthal & Co.

Connecticut Brevities

On Aug. 29, the Town of Easton, Conn., sold $60,000 school bonds dated Sept. 1, 1945, due $5,000 each year Sept. 1, 1946, to Sept. 1, 1957, to Day, Stoddard & Williams, at 100.469 for bonds carrying a coupon rate of 1%. The issue was sold privately.

* * *

The income account of the Hartman Tobacco Company for the year ended June 30, 1945, showed net income of $137,997 against $167,416 for the preceding 12 months. Earnings per share for this period on the $4 prior preference stock were $9.71 against $11.79. Net working capital was $1,004,713 while equity per prior preference share was $131.65 compared to $129.49 a year ago.

* * *

Marlin Rockwell declared a 50¢ dividend on the common stock payable Oct. 1, to holders of record Sept. 15, the last previous dividend being 75¢ on July 2.

* * *

Chandler-Evans Corp., a subsidiary company of Niles-Bement-Pond, has announced it will move all operations to the parent company's plant in West Hartford. With the curtailment in production due to cancellation of war contracts, adequate space becomes available in the Niles-Bement-Pond plant to meet Chandler Evans' requirements, and upon completion of this move, the Meriden plant will be sold.

* * *

The consolidated income account of North & Judd Manufacturing Co. of New Britain for the year ended June 30, 1945, showed net income of $334,621 against $307,646 for the 12 months ended June 30, 1944, or $3.47 per share and $3.19 per share, respectively.

The balance sheet showed current assets totaling $3,304,139, with net working capital of $2,892,244. Cash amounted to $927,369 which together with $1,478,465 United States Government securities (having a market value of $1,526,957) accounted for approximately 48% of the entire assets.

Equity per share was $46.52 compared with $46.18 at the end of the previous fiscal year.

* * *

The Hartford Rayon Corp. is planning to construct an additional factory to employ some 300 employees.

* * *

The income account of Peck, Stow & Wilcox for the year ended June 30, 1945, showed net income (after depreciation and taxes) of $155,944 compared to $204,939 for the preceding fiscal year or earnings per share of $1.56 and $2.05, respectively.

During the year $105,944 was added to earned surplus bringing the total to $627,565.

While net shipments were below the all-time peak of the previous fiscal year, the total was comparable to 1934's results. Completion of sub-contracts and the decreasing manpower supply were chiefly responsible for this decline. In January, 1945, the company paid off its $1,500,000 V-Loan and secured a $300,000 private bank loan.

* * *

On Sept. 13, the Connecticut Light & Power Co. registered with the Securities and Exchange Commission $15,000,000 first and refunding mortgage 3%, series K bonds, due 1980. The underwriters named were Putnam & Co. of Hartford, and Charles W. Scranton & Co. of New Haven. Proceeds from this new issue will be applied to the redemption at 107 on Dec. 1, 1945, of the $15,000,000 first and refunding mortgage, series H 3¼s, due Dec. 1, 1968.

* * *

For the period Jan. 1 to Aug. 12, 1945, Veeder-Root, Inc., reported earnings of $576,478 before Federal income and excess profits taxes and contingencies. The corresponding figure for last year was $1,832,515.

After provision for Federal income and excess profits taxes of $230,688, but before reserve for contingencies, earnings were $345,790, or $1.73 a share which compares with $552,725, or $2.76 a share for the same period in 1944 when Federal income and excess profits taxes were $1,279,790.

Burton Named to Supreme Court

President Truman on Sept. 18 nominated Senator Harold H. Burton (Republican) of Ohio to be an Associate Justice of the United States Supreme Court. In the latter post Senator Burton will succeed Owen J. Roberts (Republican) resigned. In Associated Press advices from Washington, Sept. 19 it was stated:

Hon. H. H. Burton

The Ohio Senator, whose first Senate term would expire Jan. 3, 1947, will become the second Republican member of the Supreme Court when his nomination is confirmed. The other is Chief Justice Harlan F. Stone. Born in Massachusetts, Mr. Burton was Mayor of Cleveland before his election to the Senate.

Metz to Be Stamm Partner

Hines O. Metz, member of the New York Stock Exchange, became a partner in A. L. Stamm & Co., 120 Broadway, New York City, on Sept. 14, Mr. Metz previously was active as an individual floor broker.

Albert Louis Stamm retired from partnership in the firm on Sept. 13.

TRADING MARKETS:

Commerce Trust Co.
Pickering Lumber Corp.
Long-Bell Lumber Co.
Western Lt. & Tel. Co.
Central Coal & Coke Corp.

BAUM, BERNHEIMER CO.

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Bell Teletype — KC 472-3 Phone—Harrison 6432

Private Wire Connections To:
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White & Company St. Louis
Pledger & Company Los Angeles

Urges Settlement of Defaulted Foreign Bonds

Dr. Max Winkler Says Extension of New Loans to Nations in Default Would Mean Disregard of American Creditors' Rights.

Dr. Max Winkler

Dr. Max Winkler, foreign bond expert and a partner of Bernard, Winkler & Co., members of the New York Stock Exchange, has issued a statement calling for an adjustment of existing defaults on foreign commercial loans as a condition of extending fresh credits.

"Adjustment of existing defaults on foreign commercial loans," Dr. Winkler says, "should be insisted on as the *sine qua non* to the granting of fresh credits by the Administration. So long as foreign nations appear, or actually are, unwilling or unable to meet their contractual commitments to American creditors, the extension of new loans would be tantamount to a reward for disregard on the part of such foreign nations of the rights and privileges of American lenders.

"While no objection will be raised, in responsible quarters, to the granting of foreign credits for constructive and revenue producing purposes, failure to consider existing debts would only tend to encourage defaults. Nor is there any reason for believing such action will decide the rest of the world to respect the United States more highly.

"The commercial debts referred to above comprise chiefly the so-called portfolio investments by Americans in the bonds of foreign governments, political subdivisions or corporations. They do not include political loans, i. e. those which were extended to America's allies during and shortly after World War I, or credits arising from or connected with lend-lease transactions entered into during the present conflict."

Truman Scouts Suggestion Aid to Britain to Finance Socialization

President Truman scouted suggestions that American financial assistance to Great Britain was intended to finance socialization of that country. Addressing his news conference, he told reporters, according to the Associated Press from Washington, Sept. 12: "I think that's a perfectly silly conclusion. Great Britain is entitled to the type of Government that Great Britain wants."

The question arose, the Associated Press stated, as a result of criticism by some members of Congress of reported plans of the Administration to give Britain a multi-billion dollar loan.

Mellon Securities Corp. Offers Minnesota Power & Light Co. 3⅛% Bds.

Mellon Securities Corporation headed a group of underwriters which on Sept. 19 offered to the public $26,000,000 Minnesota Power & Light Co. first mortgage 3⅛% bonds due in 1975. The bonds were offered at 102.46%, to yield 3% to maturity.

The proceeds will be used, together with other funds including $6,000,000 principal amount of 2% ten-year serial notes, to redeem the company's currently outstanding funded debt of $32,289,000 as follows: $10,700,000 first and refunding 5% bonds due 1955, to be redeemed at 102%; $18,000,000 first and refunding 4½% bonds due 1978, at 101½%, and $3,589,000 principal amount of Great Northern Power Co. first mortgage 5% bonds, due 1950, at 102%.

The new bonds have the benefit of a sinking fund commencing in 1956 which is calculated to retire $6,175,000 principal amount issued under the mortgage or to cause the waiver of the right to the authentication and delivery of an equal principal amount. The bonds are redeemable in whole or in part at any time at prices ranging from 105.46%, if redeemed during the year ending Aug. 31, 1946, to 100%, if redeemed after Aug. 31, 1974.

Peter Fahey Dead

Peter R. Fahey, one of Cleveland's early stock brokers and a founder of the Cleveland Stock Exchange, died at the age of 78. Mr. Fahey began his career as telegraph operator for the Associated Press and the United Press in Chicago, Toledo and Cleveland. Later he became an operator for the brokerage firm of Herbert Wright and several years afterward he was admitted to partnership in the concern. When Mr. Wright retired in 1901 he sold his interest to Mr. Fahey and the firm continued as Fahey & Co., until 1903 when he retired from the business. Mr. Fahey then headed other Cleveland companies.

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Stix, Baer & Fuller Loan

A 20-year 3% sinking fund loan of $2,250,000 from Metropolitan Life Insurance Company has been effected by Stix, Baer & Fuller, St. Louis department store. Proceeds will be used to carry out company's extensive modernization program, including completion of air-conditioning facilities, installing additional escalators, and for other improvements and extensions to its properties.

Gaylord Container Expansion

Gaylord Container Corporation will begin a $4,000,000 expansion program within the next 60 to 90 days; included will be the construction of plants at Milwaukee, Wis., Greensboro, N. C., and Lancaster, Pa. Cost of these additional facilities is expected to be financed from working capital. Earnings for the six months ended June 30, 1945, were $514,346, equal to 72 cents per share of common stock, compared with $522,620 and 73 cents per share in the corresponding period of 1944.

Kenneth Penzler V.-P. of Miss. Valley Trust

ST. LOUIS, MO.—Kenneth E. Penzler has been elected Vice-President of Mississippi Valley Trust Co., Broadway & Olive Street. Mr. Penzler has been in the bank since 1923. He was originally associated with the trust department and in October 1932 became manager of the bank's investment department. He became an assistant Vice-President of the company in 1940. In his new capacity he will continue to supervise the investment division of the bank.

Kenneth E. Penzler

St. Louis Public Service Company

July net income of St. Louis Public Service Company amounted to $44,312 after $50,000 provision for contingencies, compared with net of $24,807 in July, 1944, after a similar reserve. Seven months net totaled $334,072 versus $251,553, after reserve of $350,000 in both instances.

May Department Stores

Consolidated net sales of May Department Stores Company and wholly owned subsidiaries amounted to $89,003,226 in the six months ended July 31, an increase of 13.5% over the corresponding period of last year, an all-time peak for such periods. In 12 months ended July 31, sales totaled $192,293,724, a gain of 12.6%, and also the highest in the history of the company. Net profit for the six months was $2,626,806, equal to $1 per share on the new common versus $2,225,177 and 90 cents per share last year after contingency reserves of $500,000 and $250,000, respectively.

Mercantile Commerce Appointment

Mercantile Commerce Bank & Trust Company of St. Louis has appointed E. Douglas Campbell Assistant Vice-President. Formerly manager of the credit department of the bank, Mr. Campbell was a Major in the Canadian Army for four years, three of which were served overseas.

Laclede Steel Elects New President

William M. Akin, Vice-President of Laclede Steel Company, has been elected President, succeeding his late father, Thomas R. Akin, who died Aug. 9, 1945.

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Railroad Securities

Last week Southern Pacific marketed, subject to ICC approval, $125,000,000 of new First Mortgage bonds, a sizable operation even for these days of widespread corporate refundings. The most noteworthy aspect of the offering, however, was its unqualified success. The two longer maturities were quickly sold, and were bid at premiums before the week was out. The shorter maturity, $25,000,000 of 2⅞s, 1961, while not so enthusiastically received as the other two, sold well. The success of the Southern Pacific lien went far towards dispelling the gloom which had begun to settle over the financial community as a result of the unenthusiastic reception that had characterized new rail offerings for some months past.

Aside from the Southern Pacific there was little excitement or news in the rail section until the short session of the market on Saturday. For most of the week rail securities in general just backed and filled in a relatively narrow range with the trend moderately upward. On Saturday, however, the trend was reversed sharply, apparently in recognition of the fact that widespread labor disturbances could seriously retard reconversion progress with unfavorable repercussions on railroad traffic and earnings.

Following the June-August peace decline rail securities had staged a broad price recovery based on the premise that reconversion would be less of a problem than had originally been anticipated. It was felt that on the whole any sharp drop in traffic that might take place in closing 1945 months would be largely offset by credits against heavy taxes accrued in the first seven months of the year, and that civilian production in the key industries would be well on the way by the opening months of 1946. Any delay in this schedule could have a disproportionate market influence on rail securities, particularly as large sections of the speculating and investing public have not as yet been completely sold on railroad securities in a peace economy.

Despite fairly general agreement among rail men as to the favorable intermediate and longer term outlook for railroad earnings and railroad securities, there are many who at the present time are inclined to advocate caution, particularly in the more speculative sections of the list. In a short time earnings reports for August will begin to appear. Leaving out the angle of possible tax credits there seems to be little question but that operating results will show up poorly in comparison with a year ago. If there are other uncertainties in the picture at the same time security holders are apt to pay far more attention to actual operating results than they are to reported earnings bolstered by the temporary factor of tax credits.

The post-war competitive potentialities are likely to be further publicized in coming weeks. Air transport, with its reduction in rates below those of first class rail travel, and with announcement of plans for production of even more economically operated planes, has been much in the public eye and presumably will continue to bid for public attention. There is, also, the present agitation for the granting to the War Shipping Administration of permission to operate coastwise and intercoastal ship service temporarily.

Earnings reports over the immediate future and publicity given competitive transportation agencies should, at most, have only a temporary market influence. By far the most important consideration is that of labor. The indirect influences of labor difficulties in other industries are bad enough in themselves. The direct influence of possible labor developments in the railroad industry is even more serious. Numerous demands have already been made by various labor groups for increased wages and changes in working conditions. The latest of these was the announcement last week that the AFL Railway Employees Department, representing 400,000 workers, would ask for a cut in the work week from 48 to 36 hours without any reduction in the weekly wage.

It is true that over a long period of years the railroads have demonstrated their ability to offset progressive wage increases through greater efficiency, mechanization of operations, etc., and there is ample evidence that the potentialities for operating economies have by no means been exhausted as yet. Nevertheless, shortages of material and men during the war years have interfered with the ability of the industry to fully offset even the wage increases granted in the past few years. If further wage increases are to be granted, either directly or indirectly through changes in working rules, during the period when reconversion troubles are bringing sharp traffic declines, a more or less prolonged period of quite disappointing earnings would be in prospect. Success of labor in its demands on such key industries as steel and automobiles would presumably strengthen the position of railroad labor. This prospect is alone sufficient reason, in the opinion of many rail analysts, to tread cautiously.

Alfred McGowan With J. G. White & Co.

J. G. White & Co., Inc., 37 Wall Street, New York City, announces that Alfred J. McGowan has become associated with the firm in its trading department. Mr. McGowan was formerly with the trading departments of E. H. Rollins & Sons and Joseph Walker & Sons.

Woodruff to Represent Dominick Co. Abroad

Dominick & Dominick, 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Harry A. Woodruff has become associated with the firm as its European representative. For the past four years Mr. Woodruff has been in the foreign service of the United States Department of State, prior to which he represented the J. Henry Schroeder Banking Corporation abroad, with headquarters in Paris.

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Notice of Redemption of Preferred Stock

NOTICE IS HEREBY GIVEN that Atlanta, Birmingham and Coast Railroad Company by resolutions of its Board of Directors adopted July 19, 1945, has exercised its option, under its Petition for Incorporation and the Certificate of Incorporation issued to it by the Secretary of State of the State of Georgia, to redeem and will redeem on January 1, 1946, the whole of the Company's outstanding $100 par value Preferred Stock at the redemption price of $103.00 per share together with an amount equal to five per cent per annum per share from July 1, 1945, to said date of redemption, and that on said date the aforesaid redemption price per share ($105.50) will be due and payable and will be paid at the office of The Chase National Bank of the City of New York, 11 Broad Street, New York 15, N. Y., as Agent of this Company, upon surrender of the certificates for such Preferred Stock, accompanied by a Letter of Transmittal properly filled in and signed.

From and after January 1, 1946, right to receive dividends on the Preferred Stock shall cease to accrue and all rights of the holders of such stock shall cease and determine except the right to receive said redemption price.

No transfers of the Preferred Stock will be made after the close of business on December 31, 1945.

ATLANTA, BIRMINGHAM AND COAST RAILROAD COMPANY,
Dated: New York 6, N. Y., September 20, 1945. *By*: F. D. LEMMON, *Vice President*.

Prepayment Privilege

Holders of above-mentioned Preferred Stock may at any time on and after October 1, 1945, obtain payment of the full redemption price thereof ($105.50 per share) upon surrender of their stock certificates at the office of the Agent as aforesaid.

What Hopes for Railroad Security Holders?
Reprint of talk by Arthur C. Knies
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Consider what will happen in the paper industry. Not only will paperboard, for packing and shipping innumerable products, be needed by the thousands of tons, but new uses for paper—grown out of war discoveries—will even further increase that demand.

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These, and many other exciting new uses, will increase the demand for paper —and demand for goods makes jobs.

The paper industry is only one of many along the Chesapeake and Ohio, the Nickel Plate, and the Pere Marquette, that have planned carefully for postwar employment.

And now that Victory has been won, these industries and others throughout the country will put into operation their plans for the jobs and opportunities all of us want.

A Report on the Prospects
for Postwar Employment
in the Industries Served by

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Third quarter statements of the banks will be appearing in about two weeks. It may be interesting, therefore, to review the trend of their earning assets during the year as reported by the Federal Reserve Board.

Considering, first, figures of the 16 reporting member banks of the Federal Reserve System in New York, it is found that their holdings of Governments average higher in the third quarter of 1925, thus far, than they did during the first and second quarters, and that this is true also of their total loans. The following table brings out this fact:

NEW YORK CITY BANKS

1945 (Weekly Average)	Total Direct U. S. Government Obligations	Total Loans	Total Loans & U. S. Govt.
First quarter	$15,149,000,000	$4,860,000,000	$20,009,000,000
Second quarter	14,795,000,000	4,932,000,000	19,727,000,000
Third quarter (to date)	15,615,000,000	5,727,000,000	21,342,000,000

The same situation, furthermore, appears to be true of banks on a countrywide basis, as shown in the reports for member banks in 101 cities, as follows:

MEMBER BANKS, 101 CITIES

1945 (Weekly Average)	Total Direct U. S. Government Obligations	Total Loans	Total Loans & U. S. Govt.
First quarter	$43,630,000,000	$11,866,000,000	$55,496,000,000
Second quarter	43,353,000,000	11,740,000,000	55,903,000,000
Third quarter (to date)	48,648,000,000	13,266,000,000	61,914,000,000

The weekly reports of deposits of New York Clearing House banks further confirms the fact that earning assets are generally higher in the third quarter of 1945 than they were during the first half of the year.

NEW YORK CITY CLEARING HOUSE BANKS

1945 (Weekly Average)	Total Deposits
First quarter	$25,238,000,000
Second quarter	24,921,000,000
Third quarter (to date)	26,832,000,000

On the basis of such evidence one can hardly escape the conclusion that the upward trend in bank earnings is continuing and that third quarter statements of the banks should show a favorable comparison with first quarter and midyear statements.

Turning now to individual New York City banks, and comparing the trend of deposits of each as reported by the Clearing House, we find the following:

	First Quarter Feb. 15	Second Quarter May 17	Third Quarter Aug. 16
Bank of Manhattan	$1,040,000,000	$990,000,000	$1,973,000,000
Bank of New York	362,000,000	310,000,000	385,000,000
Bankers Trust	1,594,000,000	1,568,000,000	1,687,000,000
Central Hanover	1,686,000,000	1,613,000,000	1,752,000,000
Chase National	4,499,000,000	4,544,000,000	4,558,000,000
Chemical	1,220,000,000	1,117,000,000	1,372,000,000
Corn Exchange	660,000,000	660,000,000	716,000,000
First National	937,000,000	973,000,000	1,005,000,000
Guaranty Trust	3,186,000,000	2,922,000,000	3,223,000,000
Irving Trust	1,055,000,000	1,017,000,000	1,095,000,000
Manufacturers Trust	1,779,000,000	1,837,000,000	2,009,000,000
National City	4,045,000,000	3,998,000,000	4,289,000,000
New York Trust	697,000,000	655,000,000	759,000,000
Public National	386,000,000	405,000,000	458,000,000

In this tabulation, instead of averaging the weekly figures of each bank for each quarter, deposits as reported at the mid-point of each quarter have been used; yet the same general trend obtains.

Summarizing, third quarter figures exceed first quarter figures by the percentages shown as follows:

PERCENTAGE INCREASE, THIRD QUARTER OVER FIRST QUARTER

Member Banks, New York City; U. S. G. Holdings	3.1%
Member Banks, New York City; Loans	17.8
Member Banks, New York City; Total Loans & U. S. G.	6.7
Clearing House Banks, New York City; Deposits	6.3
Member Banks, 101 Cities; U. S. G. Holdings	11.5
Member Banks, 101 Cities; Loans	11.8
Member Banks, 101 Cities; Total Loans & U. S. G.	11.6

Deposit increases by individual Clearing House banks range from as low as 1.2% and 1.3% for Guaranty and Chase, respectively, to 12.5% for Chemical, 12.9% for Manufacturers Trust and 18.7% for Public National.

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OFFICES IN PRINCIPAL CALIFORNIA CITIES

How Far Should We Aid Europe?

(Continued from page 1338)

during and after the first World War; who as a member of the Debt Commission renegotiated these loans, and who subsequently had to deal with the earlier efforts at their repudiation by the debtors. Knowing the conclusions of my many eminent colleagues of those times who can no longer speak imposes an even more specific duty upon me.

The world had little experience in lending huge sums by governments before World War I. There were mistakes made at that time, but whatever the mistakes, they were the mistakes of pioneers in unknown lands. There will be greater mistakes and losses in handling the problem from World War II unless heed is taken to lessons of World War I.

To follow experience in these matters is the hard way. But if we would promote the ultimate recovery of America and of a demoralized world; if we would promote long-view good feeling, we shall require much more realism than the easy road of starry-eyed sentimentalism.

In order to make the subject clear I will first relate some history; then I will appraise some economic matters which surround us in this field; and finally, I will offer some suggestions.

World War I Debts

During World War I our Government loaned about $7,000,000,000 to foreign countries for war purposes prior to the armistice and about $3,500,000,000 after the armistice for relief and reconstruction. This did not include private loans, which I am not here discussing. These Government loans were made to 19 different countries. To make these loans the United States Government sold bonds to our own people, and it was agreed by the foreign governments that they would pay principal and interest in such a fashion as to equal the principal and interest which would fall upon the American taxpayer for the bonds issued.

After the war it became evident that the borrowers could not raise and pay the annual amount this would require. And the world was in better condition to pay then than it is now.

World War Debt Commission

The World War Debt Commission was created by Congress to renegotiate the loans. The commission set up the thesis that the settlements should be based upon the annual capacity of each individual nation to pay. While the principal sum of the debt was never theoretically diminished, yet deferments, interest rates, and the period of repayment were so manipulated that the loans to the different countries were reduced all the way from 30% to 75% to adjust them to capacity to pay. The aggregate annual payments of the combined debtors on all loans were reduced about 70% and never exceeded $250,000,000 per annum up until their repudiation in 1933. These annual payments represented less than 5% of the tax income or foreign trade of each country. This amount did not represent any insuperable economic difficulty either in paying or receiving in normal economic times.

However, when the hurricane of the great depression started in Europe in 1931 the annual payments on intergovernmental debts between other nations, added to the payments to us, became a stifling burden upon the stability of exchanges and currency of the world. You may recollect at that time I secured an 18-month moratorium on intergovernmental debts all over the world. I further urged upon the Congress in 1932 that the Debt Commission be authorized to again renegotiate the debts to us to determine if the payments to us for the future seemed more than the capacity of any debtor to meet and at the same time make its own internal recovery.

In any event, every nation except Finland repudiated or, more euphoniously, ceased payment on their debts in 1933. How much Congress contributed to this by refusing my request for renegotiation no one can tell. I was always of the opinion that had Mr. Roosevelt secured that authority from Congress he might have saved something. And this was more possible as by devaluation of the dollar he, in effect, reduced the debt payments by about a further 50%.

Up to the cease-payment signal the actual sum paid upon the original principal of $10,500,000,000 was less than 4½%. The interest payments amounted to only about 20% of what our taxpayers had paid out on the American bonds issued to make these loans.

Reconstruction Loans Unpaid

At this point I wish to call your attention to the fact that this repudiation covered not only war loans, the equivalent of lend-lease during the present war, but it included also the $3,500,000,000 of relief and reconstruction loans made by the American Government after the war was over. If you conceive that all the payments on the principal made by Europeans were applicable to the reconstruction advances, then only about 13% of this segment was repaid with interest. No nation except Britain paid more than 10% of the post-war loans, if all payments be applied to those alone. Britain paid an amount equal to principal and interest on post-war loans of about $600,000,000 and a small amount of interest on the war loans of about $3,800,000,000.

Here enter two great lessons from experience. That is, the moral and emotional coloring matter which comes into these war and post-war financial transactions between governments and certain economic phenomena which lie in them.

The color of the majority American view of the first World War was that we had no part in its origins; that we were in no danger of invasion; that we entered it to save the western democracies from defeat by Germany after Russia deserted them. When it came to the peace we waived any part of the indemnities to which we were entitled, or any part of the territory, nearly as large as the United States, which the Allies acquired. Americans felt we had made great sacrifices to save our Allies and we had continued these sacrifices in the debt settlements.

The coloring matter of the European view was that they had saved us from destruction by Kaiser Wilhelm; that they held the line alone for two years defending us; that our sacrifice of blood and treasure was much less than theirs; that, therefore, we still owed them something.

Statesmen and demagogues in every debtor country at once appealed for votes on platforms of repudiation of our claims with these justifications. Foreign taxpayers naturally took to the idea of getting rid of taxes to pay us. Thereby, in the European view, our national visage had changed from a great idealistic nation, crusading for the right, to that of Uncle Shylock. And a host of domestic fellow-travelers echoed these cries.

I make this point at length because this question of who saved who enters into these post-war financial transactions with great force. Nor is this history confined to the aftermath of the last war. As late as three weeks ago

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BANK OF
NEW SOUTH WALES
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Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1944 £208,627,093
THOMAS BAKER HEFFER,
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Head Office: George Street, SYDNEY
LONDON OFFICES:
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Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK
of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
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RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK
of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

the former Prime Minister of Great Britain, protesting against our stoppage of lend-lease, accused us of a rough and harsh manner to a faithful ally who held the fort alone for two years. And propaganda has again begun that we are delinquent in our contributions to World War II, although we have spent far more per capita and incurred more casualties than any other ally.

The Economic Question Involved

But aside from these emotional questions there is an economic question of first importance involved in the lending and repayments of these great sums between governments. Outside of some proportionately small movement of gold and services, these sums must in the end be translated into movement of commodities. Whatever we may loan in the future will in reality be goods. Whatever we get back will be goods. And here comes in a vast difference between ourselves and the European borrowers. Our economy is so self contained that we normally import roughly under 7% of the goods we consume and we normally export about the same percentage of what we produce. Any great imports and exports beyond certain limits tend to create unemployment in the United States by displacing our own workmen on one hand or overdraining our resources on the other. The borrowing nations however, normally depend all the way from 20% to 60% upon imports. Thus they can take far larger amounts of goods on loan without damaging their employment than we can take on repayment. Aside from the economic difficulties involved they naturally consider any opposition by us to receiving any of their goods in repayment as justification for repudiation.

Must Not Abandon Self-Sufficiency

I am fully aware that some of our economists disagree with this and contend that if we make loans to foreign governments we can secure full payment in goods provided we lower our tariffs and greatly increase our imports. I may suggest, however, that there is a serious danger to our national defense if we abandon our self-sufficiency in many of our products. I am not going to discuss the merits or demerits of free trade and protection. I may suggest also a little experience. Indeed, Old Man Statistics enters here with sardonic humor.

In the four years from 1926 to 1930 prior to the depression, the goods we imported annually averaged $33.60 per capita with our exports a bit larger at $39.10 per capita. In the four years from 1936 to 1940, after Mr. Hull's systematic lowering of American tariffs, our annual imports averaged only $18.79 per capita and our exports dropped to $24.40 per capita. Put on a quantity basis the showing is even worse. On an index number of 1913 equaling 100, our per capita imports before taking the lowered tariffs stood at 142, whereas after taking they stood at 127. The indexes for exports were respectively 115 and 92. Apparently this medicine does not work. And none of this takes into account the painful and politically potent remarks that our labor and farmers might make on this subject.

The economic reality is that the volume of goods we could supply, and the volume of goods we could absorb in turn, are so much less than the movement which these gigantic sums imply that we simply cannot be repaid in full tariff or no tariff.

Loans Do Not Create Good-Will

I might also emphasize that advances of money or credit by our Government did not seem to stimulate international good-will. Our greatest failure was Italy where our Government made over a billion of war loans and 800 million of post-war loans for reconstruction. She repaid less than 4% of the reconstruction loans alone and ultimately declared war on us.

All this experience with emotional and moral coloring and economics certainly should be of some guidance, as human nature is still about the same.

Lessons of World War I Loans

There are two positive lessons from all this. First: When our Government post-war loans exceed a few tens of millions they are going to be only partly repaid at best.

Second: Loaning money is a poor road to international friendship.

Despite all this there is one overriding necessity. We want our allies to recover. We want within our capacities to help them.

Europe is much more greatly impoverished by this war than the last one. But Europe should not ignore the fact that we also are far more greatly impoverished by this war than the last one. American recovery and financial stability is the first need of the world. Unless we recover, no one will recover. There is a limit to the aid 30 million American families can give to the 300 million families abroad who are hoping for our post-war help.

While we must provide some post-war credits, yet sooner or later most of these credits will come from our taxpayers. The burdens upon them are already gigantic. Even after the transition period our Federal expenses for many years will require from 20 to 25 billions annually. Such Federal taxes alone, spread over our 30,000,000 families, comes to from $600 to $800 annually per family. It is nonsense to claim that taxes are paid by the rich. A tax of 100% on all personal incomes over the level of a United States Senator would yield only about 20% of our future budget. It is foolish to believe that corporation taxes are not in the end passed on to all the people as a whole. Thus it is those who toil and those who produce who will pay these taxes.

We have already pledged billions of post-war aid to foreign countries through the International Bank, the Stabilization Fund, and the Export-Import Bank. We have rightly assumed great burdens to feed the hungry all over the world through UNRRA.

Even if all these already made post-war commitments are assumed to be repayable, yet our Government will have to increase our national debt by borrowing from the American people by just that much. That limits our own capital for conversion and puts that much more strain on our governmental financial structure.

Proposes 12-Point Policy

In the light of all this there are certain policies, certain safeguards, certain limitations we should observe in making any further commitments.

First: I should like to make a suggestion to dispose of the lend-lease and other war-period debts. Although I do not believe we shall be repaid much, if anything, from our 40 billions of lend-lease, yet we should not cancel it now. We should instead propose a world-wide moratorium on all inter-governmental war debts, and five years hence, when the shape of the world is more clear, we should join our allies in settling the disposition of all such debts. This should include the debt relations of mother countries with dominions, including our own relations with the Philippines. In the meantime we should demand that all the weapons we have sent on lend-lease should be destroyed.

Second: As to further post-war advances, loans or financial aid from our Government, we should remember that peace is not yet a month old. We do not know how our own reconversion will go. We

(Continued on page 1355)

International

MINERALS & CHEMICAL CORPORATION

General Offices • 20 North Wacker Drive • Chicago 6

MINERALS
CHEMICALS

CONSOLIDATED STATEMENT OF INCOME
for the Year Ended June 30, 1945

Net sales	$30,301,091
Cost of goods sold, before depletion and depreciation	23,011,886
Gross profit from operations	$ 7,289,205
Selling and administrative expenses	2,569,242
Net operating profit	$ 4,719,963
Other income	25,819
	$ 4,745,782
Income deductions	227,785
	$ 4,517,997
Depletion, depreciation and amortization	1,596,377
Net profit before extraordinary items and provision for income taxes	$ 2,921,620
Extraordinary items	133,451
Net profit before provision for income taxes	$ 2,788,169
Provision for income taxes	750,000
Net profit	$ 2,038,169

CONSOLIDATED BALANCE SHEET, JUNE 30, 1945
ASSETS

CURRENT ASSETS:		
Cash		$ 6,603,344
U. S. Treasury tax notes		450,000
Notes and accounts receivable less reserves		2,351,418
Inventories (at cost or market, whichever is lower)		3,975,436
Total current assets		$13,380,198
INVESTMENTS		170,045
FIXED ASSETS:		
Land, mineral properties, buildings machinery etc. at cost	$35,067,987	
Less: Reserves for depreciation and depletion	12,331,679	
		22,736,308
PATENTS AND PROCESSES (less reserve for amortization)		520,610
PREPAID AND DEFERRED ITEMS		243,180
		$37,050,341

LIABILITIES, CAPITAL STOCK AND SURPLUS

CURRENT LIABILITIES:				
Accounts payable and accrued liabilities				$ 1,430,183
Federal income taxes (less $900,000 U. S. Treasury tax notes)				43,803
Total current liabilities				$ 1,473,986
LONG TERM DEBT:				
Ten year term loans, 2¾%				8,000,000
CAPITAL STOCK AND SURPLUS:				
Capital stock—				
4% cumulative preferred stock — par value $100 callable at $110 per share				
Authorized and issued	100,000 shares	$10,000,000		
Less: In Treasury	1,270 shares	127,000		
Outstanding	98,730 shares		$ 9,873,000	
Common stocks, par value $5 per share.				
Authorized	800,000 shares			
Issued	658,845 shares	3,294,225		
Less: In Treasury	64,379 shares	321,895		
Outstanding	594,466 shares		2,972,330	
			$12,845,330	
Surplus—				
Capital surplus		10,770,902		
Earned surplus (since March 31, 1942)		3,960,123	14,731,025	27,576,355
				$37,050,341

A Complete Annual Report for the Year ended June 30, 1945, may be obtained by application to the Corporation's general offices.

Mining and Manufacturing

CHEMICALS • PHOSPHATE • POTASH • FERTILIZERS

CANADIAN BONDS

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Two Exch. Members Draw Suspension

Alfred L. Stamm and Albert Fried Found Guilty of Violating NYSE Constitutions.

John A. Coleman, Chairman of the Board of Governors of the New York Stock Exchange, on Sept. 14 made the following announcement from the rostrum of the Exchange:

"A charge and specification having been preferred against Alfred L. Stamm, a member of the Exchange and a general partner of A. L. Stamm & Co., and against Albert Fried, a member of the Exchange and a general partner of Albert Fried & Co., under Section 6 or Article XIV of the Constitution of the Exchange, the charges and specifications were separately considered by the Board of Governors at a meeting on Sept. 13, 1945.

"The substance of the charge against Mr. Stamm was that just before the close of the market he accepted and caused to be executed a customer's order to buy such amount of a listed stock on the Exchange as might be necessary to cause the last transaction in that stock on the Exchange on that day to be above a stated price. The execution of the order resulted in a one-half point increase in the price of the stock which was selling in the 20s.

"The substance of the charge against Mr. Fried was that, while acting as a broker on the floor of the Exchange, he executed the above order.

"Alfred L. Stamm and Albert Fried, having been found guilty of the charges and specifications, the Board suspended them for a period of six months."

* * *

Section 6 of Article XIV reads as follows:

"A member or allied member who shall be adjudged guilty, by the affirmative vote of a majority of the Governors then in office, of a violation of the Constitution of the Exchange or of a violation of a rule adopted pursuant to the Constitution or of the violation of a resolution of the Board of Governors regulating the conduct or business of members or allied members or of conduct or proceeding inconsistent with just and equitable principles of trade may be suspended or expelled as the Board may determine."

Non-Callable

£50,000
($243,000)
Grand Trunk Pacific Rly. Co.
Dominion of Canada Guaranteed
3% Bonds, due January 1, 1962
Principal and interest payable in New York, Canada or London
Price to yield 2.65%

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Direct Private Wires to Toronto & Montreal

Canadian Securities

By BRUCE WILLIAMS

Every new economic age tends to cause gravitation towards new centers of world commerce. The era of steam-power created Britain's economic supremacy, based on vast coal resources; the age of the internal-combustion engine produced a new world economic power in this country, founded on huge oil reserves. What changes, therefore, will be induced by the commercial harnessing of atomic energy?

In the van of atomic research, this country should maintain its leading role, but there is one country, which has already made spectacular economic progress that should be most fundamentally affected. Possessing the largest known deposits of uranium, the only atomic-energy plant outside this country, and in the Laurentian Shield the greatest potential source of other radio-active elements, Canada now looks towards broader and brighter horizons.

The prophecies of the late Dr. Stephen Leacock, who foresaw, in spite of the gloomy scepticism of his fellow Canadians, a land of abundance supporting 100 million people, can no longer be considered as romantic fantasies but practical and logical probabilities.

Turning to the market for the past week, there were at last indications that previous bullish prognostications were not ill-founded. Activity was still restricted but the undertone was buoyant. The call of the Dominion 3s of 1968 duly materialized and this implies the probable redemption of the 3s of 1953, 1958 and 1967—an overall total of $155,000,000. This is a factor of utmost significance.

Apart from this important development, the market already had a firm tendency. Now a major replacement problem aggravates a situation where the scarcity factor was already acute. The choice of selection in direct Dominions is now narrowed to the 2½s of 1948 (possibly too short for replacement purposes), the 4s of 1960-50 and the 3¼s of 1961-56.

Thus the brunt of demand should fall on the longer Nationals, which have long been the most attractive of the Canadian high-grades. A favorable and curiously neglected feature of most of these bonds, especially in these days of currency doubts and speculations, is the option of payment in Canadian or U. S. dollars or sterling.

Consequently, high grade externals were strong but offerings were scarce. Montreals were in renewed demand but Albertas were inclined to ease. It was announced, by Premier Manning, that the deposit of bonds under the Alberta refunding plan was proceeding very satisfactorily and a registration statement was about to be filed with the SEC in connection with the proposed $26,000,000 public offering in this country.

Internals were steadier and free funds strengthened to 10%. Montreal Heat Light-Power stock was strong and active on the news that an arbitration board was being set up to fix and recommend a price to be paid by the Quebec Government to the stockholders.

With regard to future prospects, previous anticipations of the development of a strong trend in the external section can now be repeated with greater confidence. The purchase of internal Dominions is also to be recommended but it is advisable to await opportunities when cheap exchange is available.

Finance Minister Ilsley's recent statement dispels any imminent possibility of the restoration of the Canadian dollar to its old parity, but his accompanying comments on Canada's U. S. dollar position appear somewhat contradictory in the light of the retirement before maturity of a portion of Canada's indebedness in this country.

Jap Surrender in S. W. Pacific

The Japanese forces in the Southwest Pacific surrendered to the Australian commander, Lieut. Gen. Vernon A. H. Sturdee, on Sept. 6. according to a wireless received from Melbourne on that date by the New York "Times." Gen. Hitoshi Inamura, commander of the Japanese forces in New Britain, New Ireland, New Guinea, Bougainville, the Solomons and other lesser Pacific islands, together with Vice Admiral Jin-Ichi Kusaka, commanding the Japanese southeastern fleet, boarded the British aircraft carrier Glory outside Rabaul, the point where the Japanese made their first invasion of Australian territory, and signed the terms of surrender.

TAYLOR, DEALE & COMPANY
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CANADIAN SECURITIES
Government · Provincial · Municipal · Corporate

OUR REPORTER'S REPORT

With the investment market evidently in a distinctly receptive mood bankers encountered no trouble at all in distributing two large utility issues which reached market early this week.

Naturally in view of the situation which developed several months ago the bulk of interest centered around the sale by the North American Company of a block of 700,000 shares of common stock of the Pacific Gas & Electric Co., representing slightly more than half its holdings.

Last May when the stock was first offered for bids only a single banking offer was received and the Securities and Exchange Commission ordered it rejected on the ground that the element of competition had not been maintained.

This time two banking groups were in the field and the bids were close with the block of stock going to an underwriting group headed by a New York banking house. As things happened, the stock market has registered decided improvement in the interval and in consequence the P. G. & E. stock is commanding a price several points higher than at the time of the initial attempt to market North American's stock.

In consequence the selling company benefited, by the SEC's earlier action, to the extent of about $1,500,000. And quite evidently the higher price fixed for the public offering was no deterrent as far as distribution of the big block was concerned. At any rate bankers were able to announce closing of the books within a very short time. Buyers, however, in the aggregate footed the difference between the price of $38.961 paid by the winning syndicate and that of $36.776 a share offered by the group whose bid was rejected several months ago.

Minnesota Power & Light

Equally as successful as the Pacific Gas & Electric operation from the standpoint of the underwriters was the marketing of Minnesota Power & Light Co.'s $26,000,000 issue of 30-year 3⅛% first mortgage bonds.

Three syndicates were in the field for this piece of underwriting and their bids revealed that all were thinking pretty much the same way. All three bid for the bonds to carry a 3⅛% coupon.

And less than 0.20 points separated the highest from the lowest of the bids received. The winning bid was 101.711 and the low offer 101.5199.

The successful group proceeded with public offering fixing a price of 102.46 for the issue. The bonds moved out quickly and were reported commanding a small premium soon after the books closed.

Big Offerings Clearing Up

In investment quarters it was reported that remnants of several of the larger issues brought out recently are still around but that good progress is being made in clearing away unsold balances.

There is no evidence of disappointment over the fact that these huge offerings have proven a bit slow. Bankers seemingly make allowance for a reasonable digestive period in figuring on such deals and they are pleasantly surprised when, on occasion, one of them moves out more rapidly than anticipated.

At the moment there are still bonds available out of the $113,825,000 of first mortgage 2⅞s of Consumers Power Co., offered by sponsors at 102.37. The same holds true in the case of Northern Pacific's $55,000,000 of 4½% collateral trusts which were brought out at 100. But they are both moving out and it is not expected to be long before syndicates are able to put out the all sold sign.

Not Much Choice

Were it not for the forthcoming Victory Loan some large institutional investors like the big insurance companies would be finding much more difficult their task of investing funds. As it is, buyers for these organizations have no bed of roses what with the market for high-grades staying right up near the best prices.

Worthwhile dips are few and far between and where bonds are really needed the purchaser has got to reach up for them. The underlying situation was strengthened a bit by the indications from London that the government there is quite firmly committed to an easy money policy.

With the world's two most powerful governments leaning in the same direction for the purpose of providing cheap credits to stimulate industrial recovery and trade, it looks as though low yields are destined to be with us indefinitely. Thus, except for the approaching Government Loan big investors have little choice but to take the market as they find it.

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ALBERTA
(Canada)

Markets maintained on all issues, both internal and external

Direct Private Wires to Buffalo,
Toronto and Montreal

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Bell System Teletype NY 1-702-3

Money in Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of July 31. 1945, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $27,107,824,101, as against $26,746,253,483 on June 30, 1945, and $22,699,352,632 on July 31, 1944, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, the total was $3,459,434,174.

How Far Should We Aid Europe?

(Continued from page 1353)

cannot for a year hence appraise either our domestic situation or the effect of the great foreign commitments we have already made. These new demands will come not from one foreign government but from many. We must in the interest of our recovery take time to consider how much further burdens we can assume in aid to others, remain solvent and recover.

Third: Both we and our allies need time to find out the actual needs of borrowing countries. Some of the Western European countries still have very considerable balances and assets in the United States. We cannot expect to open credits until these resources are exhausted. There is also a considerable amount of refugee assets in the United States. These things should be made known, in order to enable us to appraise the situation.

Fourth: We cannot afford to just make general loans or give unrestricted financial aid as our Government did in part after the last war. We cannot today afford having our resources used to keep up armies, to engage in non-productive enterprises, to pay debts to other countries, to subsidize social experiments, to go into business abroad in competition with us or to pay for propaganda to upset our Government.

Fifth: In the meantime there are certain commodities in all nations where there is a surplus that is needed by other nations. We have a surplus of wheat, cotton, machinery, some metals, etc. The British Empire has rubber, tin, etc. The Russians have manganese and pulp. The Dutch have rubber and tin. Exchange of these surpluses at once are in obvious mutual interest.

Sixth: All loans or credits should be reduced to terms of commodities. We should open a credit to the particular nation and that credit should be available to purchase commodities in the United States which we approve. This will assure the employment for our own people in producing these commodities.

The borrowing nations will be exporting goods to the United States in the ordinary course and will secure some needed supplies this way. A wise policy for the present should be to fill in deficiencies. Until we can see more clearly it is the part of wisdom to limit our credits to sums that would pay for temporary programs of commodities. Such a method will also determine the exact purpose to which our sacrifices are applied.

Certainly we should lower the sights as to size of these credits a long way from the current newspaper discussion of billions. Four hundred million dollars' worth of peacetime commodities beyond the natural result of trade is a lot of commodities. It is more than any one country took from us before the war in any one year.

Seventh: When the Allied Governments receive cotton or other commodities as a result of credit from us they will necessarily sell them to their people and thereby get cash in their own currencies equal to the amount of our credits. They should be credited to our account. While that cash possibly cannot be turned at once into dollars, it will purchase in their countries certain commodities which can be shipped to us without disturbing the economic situation of either side.

Obviously the amount of these goods needed by the United States which we could possibly obtain will be much less than we will be called upon to give.

Eighth: The whole world food and fuel program for next winter cries for organization that would abolish its horrid inefficiency and power politics.

Ninth: As we are going to get only a part of any advances for relief and reconstruction back, there are some indirect benefits which we could receive. We should insist that there be no quotas against us, no discriminatory tariffs against us, no dumping of goods upon us, no cartel operations against us.

Quotas and discriminatory tariffs are not equal opportunity. Dumping is selling below cost to the injury of our workmen and farmers. Cartels are monopolies for the purpose of fixing prices and driving free enterprise from business. We must have some protection from socialized foreign trade. Such trade contains both the essence of dumping and cartelization. There should also be agreement of no trade discriminations in spheres of influence against us in favor of the dominant power.

Tenth: There should be agreement that no propaganda against the American system of life will be carried on. Such agitation creates uncertainty in a free enterprise system that undermines domestic confidence in our own stability and lessens our ability to help.

Eleventh: If we would avoid the ill will which will arise among our respective peoples from the emotional and moral coloring of these transactions, it should be agreed on both sides that at the end of ten years we will reconsider the situation of these post-war credits by governments which may have been opened on all sides. That should prevent propaganda of hate against us for cancellation.

Twelfth: While I am not here discussing private loans from our bankers and others to foreigners, yet they must be regulated so as to prevent their being applied to any other than directly reproductive enterprise. Otherwise, American investors will not get their money back.

Again, I repeat, We must help. We should use common sense; we should limit our help to what our taxpayers can afford; we should consider our own employment situations; we should limit our aid to the minimum necessary; we should limit it to the direct purpose of restoring their domestic needs through commodities; we should organize it so as to minimize the ill will over repayment. We should do it with the knowledge that we are doing it at a loss to ourselves but to aid mankind to recover from the greatest disaster of all history.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Thomas M. Malone** has returned to the trading department of **Gill & Co.**, 41 Broad St., after three years of service in the United States Navy as Chief Boatswain's Mate.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, GA.—**W. M. Parker** has become associated with **Hancock, Blackstock & Co.**, First National Bank Building. Mr. Parker in the past was with Bounds, Pool & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, OHIO—**Harry J. Hudepohl** is with **Ballinger & Co.**, Union Trust Building. In the past he was with W. E. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, OHIO — **Samuel S. Allen**, who has recently been serving in the armed forces, has joined the staff of **J. A. White & Co.**, Union Central Building.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO — **William F. Collins** is with **Merrill, Turben & Co.**, Union Commerce Building.

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, OHIO—**Ronald E. Bopp** has rejoined the staff of **Fullerton & Company, Inc.**, 8 East Broad Street. Mr. Bopp has recently been serving in the U. S. Army.

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, CALIF.—**Stanley K. Ewing** has become connected with **Merrill Lynch, Pierce, Fenner & Beane**, 6361 Hollywood Boulevard.

(Special to THE FINANCIAL CHRONICLE)

JOPLIN, MO.—**Francis M. Bennett, Jr.** is with **Slayton & Company, Inc.**, 111 North Fourth Street, St. Louis, Mo.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, CALIF.—**Newell S. Hawley** has been added to the staff of **Halbert, Hargrove & Co.**, First National Bank Building.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**George D. Roberts** has become associated with **Buckley Brothers**, 530 West Sixth Street. Mr. Roberts was formerly with Nelson Douglass & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF. — **Tad Travers** has rejoined the staff of **Crowell, Weedon & Co.**, 650 South Spring Street. Mr. Travers has recently been with Edgerton, Riley & Walter.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Gordon E. Buckhout** and **G. M. Douglass** have become affiliated with **Cruttenden & Co.**, 634 South Spring Street. Mr. Buckhout was previously with Samuel B. Franklin & Co. and Bankamerica Co. Mr. Douglass was with First California Company.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**S. S. Woodbury** is now with **Edgerton, Wykoff & Company.** He was formerly with Walston, Hoffman & Goodwin and H. R. Baker & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Richard G. Kilgore** and **Frank A. Stanton** have become affiliated with **Samuel B. Franklin & Co.**, 215 West Seventh Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Harold M. Burditt, Fred J. Faerber,** and **Edith Hirschfield** have been added to the staff of **Investment Fund Distributors**, 650 South Spring Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Paul R. Flynn** is with **Oscar F. Kraft & Co.**, 530 West Sixth Street.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Charles W. Flesher, William D. H. Huttig,** and **Albert C. Murphy** have become associated with **Livingstone & Co.**, 639 South Spring Street. Mr. Flesher was previously with First California Company and Bankamerica Company.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**William M. Miller, Donald J. Mills, Albert N. Mougin,** and **H. M. Weatherford** have joined the staff of **Slayton & Co., Inc.**, 111 North Fourth Street, St. Louis, Mo.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, CALIF.—**Robert W. Hudson** has become connected with **Sutro & Co.**, Van Nuys Building. Mr. Hudson was previously with Buckley Brothers, William H. Jones & Co. and E. F. Hutton & Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, KY.—**Eugene L. Hugger** is with **J. J. B. Hilliard and Son**, 419 West Jefferson Street.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN. — **Albert F. Johnson** has become associated with **J. P. Arms, Inc.**, Rand Tower.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN. — **Raymond W. Wilson** is connected with **J. W. Goldsbury & Co.**, 807 Marquette Ave.

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, MINN. — **William F. Zeske** has been added to

(Continued on page 1360)

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

Not a New Issue

September 18, 1945

700,000 Shares

Pacific Gas and Electric Company

Common Stock

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Price $40 per share

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Sec. Commissioners to Meet in Chicago

The annual meeting of the National Association of Securities Commissioners will be held at the Edgewater Beach Hotel, Chicago, Illinois, Friday and Saturday, Nov. 16 and 17, 1945, it is announced by Clarence H. Adams, Connecticut Securities Commissioner, president of the Association. Members must conform with all applicable ODT Regulations, which at present limit out-of-city guests to not to exceed one hundred and fifty.

This is to be an all-important meeting due to the many problems confronting the securities business in the post-war period, and other matters relating to protection of war-time savings. An interesting program is being arranged, the details of which will be released as soon as available.

August Steel Lowest Output Since June 1940

Steel production in August fell to the lowest point in 62 months when the sudden coming of peace forced steel users and steel producers into a period of adjustment of production schedules, according to the American Iron and Steel Institute, which further announced:

"The total output of steel ingots and steel for castings in August was 5,712,770 tons, compared with 6,987,008 tons in July (revised), and 7,498,913 tons in August 1944.

"The August production was the lowest since June 1940 when output was 5,657,443 tons. Nevertheless, the actual tonnage produced in August exceeded output in all but two months of 1929, the best peacetime steel production year on record.

"The percentage of capacity operated in August was 70.4, lowest rate since April 1940, when operations were 61.2%. In July the monthly rate was 86.3% and in August 1944 the rate was 94.1%.

"Following the August 14 announcement of Japan's capitulation, steel operations dropped off very sharply. In recent weeks the rate has been improving, however."

"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market reversed its inactive downtrend near the end of last week, as a good demand appeared for both the commercial bank eligible taxable bonds and the restricted obligations. . . . The recovery in the eligible taxable issues was led by the 2½s due 9/15/67/72, with the longer maturities of the 2s also being well taken. . . . The 2¼% due 1956/59, registered the largest gains for the restricted bonds, as this whole group showed a firmer tone. . . . The partially exempt bonds were steady, aside from some softness in the intermediate maturities. . . .

On the basis of the indicated financing policy of the Government and favorable developments that should be forthcoming in the money markets in the not too distant future, the Government bond market appears to be in a buying range at this time. . . .

The eventual return flow of currency from circulation and greater use of low income short-term obligations by the Treasury, should create a demand for the bank eligible taxable bonds, which should result in higher prices for these securities. . . . The market for these bonds will probably not be too dynamic, however, until the restrictions on purchases by savings banks and insurance companies in the Victory Loan have been made known. . . . This information should be available in the near future. . . .

STRONG DEMAND

Although there will be periods of irregularity in the market the opinion prevails that the demand for commercial bank eligible bonds should be great enough to absorb all the outstanding securities that may be sold, and still show better prices than those presently prevailing. . . .

It was pointed out that the market action and price pattern of the 2% due 12/15/52/54, following the Sixth War Loan, may not be dissimilar to what could happen in the future to certain of the bank eligible taxable bonds. . . .

This bond, outstanding in the amount of $8,662,000,000, is the largest marketable Treasury issue. . . . Nevertheless, it has been and still is the bellwether of the 2% taxable group. . . . When this obligation was originally offered in the Sixth War Loan, only the commercial banks with savings deposits were allowed to subscribe to it, to a limited extent of their time deposits. . . . These subscriptions amounted to $886,000,000. Also at that time holders of the called 4% due 12/15/44/54 were given the option of turning in these partially exempts for the 2% due 12/15/52/54 and other securities. . . . Out of this exchange came $737,000,000 of the December 2s due 1952/54. . . .

LARGE BUYERS

It is not definite as to the amount of these bonds that went to commercial banks in this exchange. . . . However, it has been estimated that more than 70% of the total exchanged went to these institutions, which would indicate that out of the $737,000,000 of 2s due 12/15/52/54, exchanged for the called 4s, about $516,000,000 went to commercial banks. . . .

Thus these institutions by direct subscription or through the exchange probably acquired about $1,402,000,000 of these bonds. . . .

During the Sixth War Loan subscriptions to the 2% due 12/15/52/54 by savings banks amounted to $2,018,000,000, insurance companies aggregated $1,339,000,000, other investors totaled $3,582,000,000, and Government Agencies $100,000,000. . . . By the end of May 1945 (the latest figures available), the commercial banks owned $3,462,000,000 of the 2% due 12/15/52/54, savings banks $1,170,000,000, insurance companies $1,140,000,000, other investors, $2,876,000,000, and Government Agencies $15,000,000. . . . The only buyer from the end of the Sixth War Loan to May 31, 1945 was the commercial banks, which institutions absorbed a very substantial amount of this bond. . . .

SHARP PRICE RISE

Despite the selling by all other holders of the 2% due Dec. 15, 1952/54, the price of this security advanced sharply from Dec. 18, 1944, the close of the Sixth War Loan, to May 31, 1945. . . . The bid price of the 2% due 12/15/52/54 on Dec. 18, 1944 was 100 9/32, and on May 31, 1945, it was 102 27/32. . . . This sharp price rise was caused by fears, later substantiated, that there would be no more intermediate term high coupon issues available for the commercial banks. . . .

Although there was heavy selling by non-commercial bank holders during this period, the demand from the deposit institutions was large enough to absorb all of this increased supply and still show improved prices over those prevailing on Dec. 18, 1944. . . .

Conditions were such in the money markets that it was possible for the commercial banks to take on this bond, as well as other eligible issues, which resulted in higher prices and a lower level of interest rates for commercial bank eligible obligations. . . .

HIGHER PRICES SEEN

Another of the eligible issues, that is outstanding in a much smaller amount than the 2% due 12/15/52/54, which advanced sharply during this period, is the 2½% due 9/15/67/72. . . . This bond moved up from 100 20/32 on Dec. 18, 1944, to 104 4/32 on May 31, 1945. . . .

It is apparent that conditions are again being brought about in the money markets that will eventually result in higher prices for the outstanding bank eligible bonds. . . .

The increase in supply that would result from sales by present holders will no doubt be as readily absorbed in the future as it was in the past, because the outstanding amount of these issues is not being added to by new Government flotations. . . .

Inflation Breeds Economic Insecurity

(Continued from first page)

that there is less security now than in the recent past, but perhaps not less than in many periods of past history.

Less than a generation ago it was common to speak of something very sound and safe as being as safe as a "bond." This signified the best of security. Certainly no one would speak so loosely of economic security today as to use a bond for comparison. It is true that some bonds, and indeed a great many bonds are safe and the buyer may be sure of getting his money according to contract. But can he be sure of the buying power of that money when he gets it?

This insecurity in bonds and money is certainly no less than in stocks and almost any other form of property.

But suppose we pass over the buying power of money for the present and examine only changing prices of investments. The defaults in bonds during the decade of the thirties ran into many billions. Among these billions would be found foreign governments, domestic municipalities, railroads, utilities, industrial corporations of no end, and even building and loan associations and farm mortgage banks. The fluctuating prices of common stocks and business properties would be even more startling. No doubt every observer of finance has seen building lots for residences and business property in his home community rising in prices until it seemed that one would never be able to own the property he needs, and within a short period of years these same properties have been sold for less than the accrued taxes. Who does not remember when Auburn Motors sold at $600 a share? Kreuger and Toll was a rich man's investment and the bonds were bought by banks with the public's money; South American Government bonds at par were regarded as cheap, the Michigan Railway 6% guaranteed gold bonds were a rare bargan at any price. Any investor who did not own Hupp Motors, Middle West Utilities or United Founders was just not acquainted with values. New York Central at 200 was a bargain and Steel could never be had again under 250. This list could be extended to fill the leading investment manuals. What are some of these securities worth today? It is not impossible that these old record prices will be reached and even surpassed again by some of these securities. But then what will you do with your money? Will you watch prices decline again or will you take your profits, and what will you do with your profits and capital?

ARE THESE CONDITIONS NEW OR ONLY A REPETITION OF MEN'S GREED AND LACK OF FORESIGHT?

More or less these conditions have been repeating themselves ever since commerce began and as far back as we have records. Many things are different now from what they were a few generations ago but change goes on in about the same way and with just as little warning. Surely the changes and uncertainties of financial conditions in this age are not due wholly to the mere complexity of modern life and the great variety of luxuries and necessities we have. The South Sea Bubble in England more than 200 years ago was perhaps one of the worst financial collapses the world has ever known. The rich were made poor in a very short while. Prosperous corporations failed in a few weeks. The inability to buy turned into the inability to sell almost overnight. That financial collapse which seems to have come from greed and the abuse of credit was not much different from those we have experienced. Certainly living conditions were less complex in those days. The average laboring man today has more luxuries than a king could have in those times. Motor cars, radios, electric lights, airplanes, and even railroads had not yet been invented.

In 1822 the Rev. John Kirkland addressed the Harvard College graduating class in as dreary a tone as a modern commencement address. In addition to the wise counsel, reference was made to "a complex world" in which these young men were entering. The simplicity of the old days had gone. Life had become involved and bewildering. By comparison today we wonder what the complexities of those day were for the average man. I believe it was in 1837, just about the time those young men had settled securely in their business life, that we had in this country one of the worst depressions we have had in our history, perhaps even worse in some respects than that of 1929 which is almost forgotten by some people.

Speaking at Johns Hopkins in 1876, Thomas Huxley said: "I cannot say that I am in the slightest degree impressed by your bigness, or your material resources, as such. Size is not grandeur and territory does not make a nation. The great issue about which hangs a true sublimity and the terror of overhanging fate is, what are you going to do with all these things?"

But since the days of Mr. Huxley the materials of welfare have multiplied until the modern American would be far from comfortable with the humble conditions and luxuries of those days. Mechanical inventions and speed have changed all of life's daily activities and it seems for the better. But have mechanical and scientific inventions outrun our social, economic and financial intelligence to manage these inventions for the common good? I am afraid that our economic intelligence and control of all these things for the best interest of society have lagged far behind. In fact, we seem to be in the dark ages economically and financially. At any rate we still have the same old troubles and apparently no more ability to cope with them than the peoples of many generations back. If no blames are to be levied, it would seem that the problems at least could be laid squarely in front of the door of those who are politically and economically responsible for management and research in the social sciences. In other words, our education in the economic and financial sciences needs examining and perhaps overhauling.

Uncertainties of the Past Similar to the Present

In 1832, J. B. Say said of inflation and its effects:

> "It (the debasement of the currency) occasions a violent dislocation of the money-prices of commodities, operating in a thousand different ways, according to the particular circumstances of each respectively, and thereby disconcerting the best planned and most useful speculations, and destroying all confidence between lender and borrower. Nobody will willingly lend when he runs the risk of receiving a less sum than he had advanced; nor will anyone be in a hurry to borrow, if he is in danger of paying more than he gets. Capital is, consequently, diverted from productive investment, and the blow given to production by deterioration of

the coin, is commonly followed up by the still more fatal ones of taxation upon commodities, and the establishment of a maximum of price.

"Nor is the effect less serious in respect to national morality. People's ideas of value are kept in a state of confusion for a length of time, during which knavery has an advantage over honest simplicity, in the conduct of pecuniary matters. Moreover, robbery and spoilation are sanctioned by public practice and example; personal interest is set in opposition to integrity; and the voice of the law to the impulse of conscience."

The American Civil War, which was accompanied with inflation in the United States, as well as currency inflation in many parts of Europe, verified Mr. Say's advice. The Rt. Hon. Viscount Goschen, of the Bank of England, in 1868, when money was 2% and could not find borrowers, said:

> "The immense deposits in the hands of the Bank of France, the Bank of England, and the strongest of our joint-stock banks, tell their own tale. How these establishments are likely to deal with such funds, and what differences are likely to ensue from this employment of them by bankers instead of by the public itself, or by intermediary establishments, we will endeavor by and by to explain. The important point at this moment is the attitude of those to whom the funds belong, and the displacement, if we may so speak, of investments. What has become of the usual accumulation of savings? Is the present abundance the result of profits and economy? Have we been growing so rich and so prudent that we don't know how to employ all our surplus capital? Not at all. 2% does not result from the abundance, but from the disgust of capital. Harassed by the misuses to which it has been put, by the disappointments it has suffered, by the impositions of which it has been made the dupe, capital, in high dudgeon, has retired to its tents."

The present conditions in the United States and throughout the world, with respect to the rates for money and the uncertain conditions in industry and trade, merely repeat the experiences following the War of 1812 and the Civil War on a world-wide scale. Unemployment and poverty were perhaps greater when this war began than at any other time in the world's history. Despite our higher standards of living and the great progress that had been made, a larger number of people found it increasingly more difficult to gain employment or find a market for their labor and materials. The causes do not seem to be new. They seem to be the same economic and financial causes which have plagued civilized society as far back as we have history of money and trade.

The causes alleged were the disequilibrium of commodity prices and the unbalance of relationships between the purchasing power of producers and consumers. These were the result in a large measure of currency debasement, inflation schemes, trade restrictions, and other political and economic devices designed with good intention but without knowledge of their destructive effects instead of the benefits claimed for them. Inflations and price advances cause excesses in business and overstocking of goods. These conditions promote extraordinary activity for a few months and the aftermath is a collapse, with unemployment and closed markets caused by unbalanced purchasing power with the resultant hard times and demands for social change which will relieve these conditions. The real relief is to prevent the occurrence of conditions which make for these business and financial collapses. One of the most powerful forces in preventing the recurrence of these conditions would be the maintenance of sound and stable money and credit. By sound money we mean a money convertible into a known quantity of gold, such as the people of the United States and England have been accustomed to most of the time for more than 100 years. During this 100 years the world has made its greatest strides, benefiting all classes of humanity and most of all the living conditions of the industrial classes. Further proof of the benefits of stable currency could be drawn from the history of finance, but the limits of space forbid.

Savings and Investment

All of our capital goods today are the result of saving and investment on the part of individuals and corporations. We hear much about cheap money and no doubt many people wonder why with the low rates for money of the thirties corporations did not borrow and expand their plants and restore employment. The real reason was the uncertainty of the future value of money. Corporation managers are much concerned with their ability to pay back borrowed money. That ability depends upon a market for the products and the market for the products depends upon the purchasing power of the masses of people who consume those products. That purchasing power, in turn, depends upon the employment of those people in useful occupations, producing products which will furnish them with income with which to buy the products which they need. Uncertainties and maladjustments and fears created by currency depreciation, discourage well-meaning and thoughtful industrialists from undertaking obligations with other people's money. In turn, the investor has reservations about what he wants to do with his money. He sees the low return on capital invested and in many cases no return but a deficit. Observing these factors, he naturally wishes to buy only the highest grade securities. In this matter he has been schooled to believe that a government bond is the safest investment. For the past 150 years that has been a truism in this country. In spite of the uncertainty of the future value of the money, the average investor still clings to this tradition. Only corporations which could offer the highest grade of credit, and that included only a small percent of the total corporations, could borrow successfully at reasonable rates in the thirties from the investing public. This was largely because of the fear resulting from the maladjustment and uncertainty in industry, which was a repercussion from currency debasement and trade control throughout the world.

Purchasing Power and Money*

The extent to which the purchasing power of our wages and salaries will be maintained in the future depends entirely upon the amount of inflation or the amount of currency debasement.

Our problems at the present time do not differ materially from the problems of other countries which have gone through more extreme inflations. The German inflation was extreme, but as a result of this inflation the declining volume of domestic business in Germany, caused by the loss of purchasing power, was so large that business came almost to a standstill at the peak of the inflation. It was at that time that unemployment was largest. When currency could be picked up in the streets, working capital for industry could not be found. It was only by extraordinarily clever management that a corporation succeeded at all. Corporations that kept out of debt and as the inflation progressed discouraged business expansion and waited for the restoration of a stable money succeeded best. The savings of the middle classes were wiped out. The expected increase in export trade resulting from cheap factory production was a myth and never materialized. The value of savings bank deposits, government bonds and first mortgages declined almost to the vanishing point. The value of insurance policies was virtually wiped out. Insurance companies had left, for the most part, only their physical assets. The recovery of valuable assets by estates, endowments and universities depended entirely upon their physical properties and in some instances was as low as 2%.

The investor in common stocks was not much more successful. Only a few of the well-managed corporations were able to avoid financial reorganization and their stocks and bonds for the most part were valueless. Some of the well-managed corporations succeeded, but the average investor had little chance of being able to select these particular securities. It is not possible to state that investing in particular industries would protect one's capital. While the industry was an important consideration, it was even more important to select carefully the management. Some potash mines that were well managed were successful in preserving a portion of the investors' capital and in some cases in enriching the investor. Other equally good mines, with less capable executive and financial management, had to be reorganized and all classes of securities were pretty nearly destroyed in value.

The French Inflation Compared with the Trend in the United States

The pattern of the French inflation more nearly parallels that in the United States. We devalued 41% before this war and France devalued 80% after the last war. The experience of investors in France was very striking in that the value of the currency was reduced about 80%, and, likewise, the purchasing power of government bonds and income from investments in insurance, endowments, savings banks, were reduced almost in the same proportion, following the first period of stability and revaluation of the currency. Nevertheless, this did not bring stability. It only brought more uncertainty. The confusion in French industry and finance after the first revaluation of the currency was even greater than before. According to the information available, the cost of living in France after the revaluation was roughly 650% of the cost of living in 1914. The index of production in France was less than in 1914. The cost of living declined sharply from the peak of 1928, after the inflation speculative bubble but remained several hundred percent of the cost of living in 1914. The rise in the cost of living did not keep pace with the depreciation in the French currency very long.

Both the investor and the businessman suffered beyond description in France as a result of the maladjustments caused by the inflation.

Taking the average prices of 45 commodities, the French Government wholesale price index of July, 1914, as 100, commodity prices rose from 102 in 1913 to 718 in 1926 and declined to 347 in 1935, then advanced to above 700 in 1939. During this same period and as of these same dates, the French internal debt rose from 32.9 billion francs to the peak of 395 billion francs. In 1926, when the French price level was the highest, the French internal debt was 292.9 billion francs. During this same period an index of 20 industrial stock prices, using 1913 as 100, rose to 507 in 1929 and

(Continued on page 1358)

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*All reference to the conditions of foreign countries antedate the present war.

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SEPTEMBER 19, 1945.

Mutual Funds

A New Day

Distributors Groups heads up a current Investment News with the prophetic title, "A New Era For The Investment Man." Here are some excerpts from the bulletin:

"At the beginning of the war the liquid wealth of this country—cash, bank deposits, Government bonds, etc.—owned by individuals amounted to $60 billion. Moreover, 90% of all this liquid wealth was owned by only 10% of the people.

"Today the liquid wealth owned by individuals has reached the staggering total of $160 billion—an increase of $100 billion in the last five years! And no longer is it largely in the hands of only a small percentage of the people. Today 90% of the people own 40% of this vast sum. . . .

"All signs point toward an era of unprecedented service and prosperity for the investment man."

"Full Speed Ahead"

"That's the battle cry today in Detroit," writes **Hugh W. Long & Co.** in a current bulletin on the **Automobile Industry Series of New York Stocks.** There's no need to worry about price uncertainties, reconversion expenses, markets, or higher prices for cars, according to the bulletin. The ingenuity of the automobile manufacturers and the magnitude of pent-up demand for new cars are counted on to insure highly profitable operations in this industry for a number of years to come.

Immediate Outlook for Corporate Earnings

Keystone's current Keynotes discusses the advantages which will accrue to American industry as a result of the war's termination.

These advantages are described as two potent stabilizers for the reconversion period of the next few months: (1) The excess profits accumulated during the first eight months of 1945, of which 85½% would have been paid in taxes, and (2) The "carry-back" provisions of the tax law under which refunds are obtainable if earnings fall below normal base.

Keystone summarizes as follows: "In view of the enormous pent-up demand for all types of peacetime goods, and the huge sums which have been saved by the American people during the past five years, there is every reason to anticipate a high level of business activity in 1946."

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"New Words, New Worlds—and New Opportunities"

National Securities & Research Corp., in a memorandum on **National Industrial Stocks Series,** points out that "every major conflict in recent years has brought a material acceleration in the rate of scientific and technological progress."

"World War II is no exception. Atomic energy, radar, electronics, and a host of other war-born miracles still to be fully disclosed promise drastic changes in our whole way of living. For the past 144 years, new inventions, new products have helped expand our economy and there is no reason to believe that this experience will not be repeated. . . .

"A practical way in which the investor can share in the growth opportunities of industry over the next several years is through the purchase of Industrial Stocks Series Shares."

Incorporated Investors

The Parker Corporation announces that George C. Cutler will join **Incorporated Investors** at the end of September as Chairman of the Finance Committee and Treasurer.

During the past 10 years Mr. Cutler has been identified with many businesses and educational and public institutions, including Trustee of St. Timothy's School, Trustee of the Walters Art Gallery, Treasurer of the Peabody Institute, Director of the Safe Deposit & Trust Co., which he headed, Director of the Baltimore "Sun," the Baltimore Transit Co., the Baltimore Savings Bank, the Atlantic Coast Line Railroad, the Louisville and Nashville Railroad, and Dun & Bradstreet. He has retained his directorships in the last three companies. He is also a member of the Harvard Fund Council and a Director of the American Arbitration Association.

"Load"

"Fifteen times in three and a half years," is the way **Selected Investments Co.** describes the market action in **Selected American Shares** in making up its initial distribution charge.

This charge, or load is justified by the diversification, elimination of burdensome detail, availability, high degree of marketability and numerous other important services performed. "Moreover," writes the sponsor, "in periods of rising markets, the cost can be made up quickly."

Affiliated Fund

Last June **Lord, Abbett,** sponsor of **Affiliated Fund,** announced a policy of reducing the senior capital in this Fund at stated levels on the Dow-Jones Industrial Average ranging from 175 to 300. Last week, with the Average above the 175 level, the management of Affiliated Fund announced that $500,000 of Fund's $10,000,000 2½% notes will be retired as of Sept. 20, 1945. In taking this action, the Lord, Abbett management "continues of the opinion that 'the probabilities favor a continued substantial increase in security prices.'"

* * *

In a current Investment Bulletin on **American Business Shares,** this same sponsor expresses its fundamentally bullish outlook as follows: "There seems to be . . . a basic momentum underlying security trends which is beyond the influence of any day-by-day event. Today's force is strongly upward. It is, if anything, accelerating."

The Situation

Edward E. Hale, of **Vance, Sanders & Co.,** writing in the current issue of Brevits, compares the over-all advance in the current bull market with the gains which took place in the 1923-1929 and 1932-1937 bull markets. The present advance amounts to 87.5% as compared with 344.5% and 371.6%, respectively, for the last two bull markets.

"Certainly, the rise which has taken place to date would seem to indicate that there is only a comparatively moderate interest in stocks on the part of the general public and that we are far from the point of danger which seems to be worrying the public officials today."

Mutual Fund Literature

Broad Street Sales Corp.—Current issue of Items analyzing relation of stock yields to bond yields. . . . **Calvin Bullock**—Revised leaflet on **Dividend Shares** giving all pertinent data. . . . **National Securities & Research Corp.**—Current issue of Investment Timing discussion "The Impracticability of the Full Employment Bill;" a news bulletin on **National Selected Groups Series.** . . . **Hugh W. Long & Co.—Manhattan Bond Fund** portfolio folder showing investment holdings as of Sept. 4, 1945. . . . **Distributors Group—Group Securities'** current Investment Report listing the recommended groups as of Aug. 31, 1945; an Investment News quoting Moody's on the relative merits of stocks and bonds at current prices; revised portfolio folders on **Railroad Bond Shares, Geenral Bond Shares** and **Low Priced Shares.**

Dividends

General Investors Trust — A quarterly dividend of 6¢ per share payable Oct. 20, 1945, to shareholders of record Sept. 29.

Investors Mutual, Inc.—A dividend of 26¢ a share payable Sept. 26, 1945, to holders of record Sept. 12.

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Inflation Breeds Economic Insecurity

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then declined to the level of 191 in the spring of 1938.

The investor in France had a most unfortunate experience. If in 1913 he had invested in the common stock of five textile companies, using his investment at that time as 100%, and had held these investments until 1929, they would have been worth 989% of his invested capital. But in the years following 1929, the decline in the value of these investments would have reduced his capital to 133% of his investment in 1913, and at the beginning of World War II, 202%, while the index of the price level was 620%. The investor in any class of French securities fared badly. There are, of course, those lucky people who were able to select shrewdly the right securities before the inflation and who were able to sell out at the peak of the inflation and hold money and bonds while prices declined and business stagnated. These lucky investors were much better off than the average man. But most of us have to work on our job. We do not have the technical knowledge nor the time to hedge against inflation or secure the information to protect our investments. Our paramount task is that of producing more efficiently better products and enabling the average man who has labor to sell to acquire income with which to provide him and his family with these products in order to raise his standard of living and comfort. This is the job of industry and industry can do this job and do it well if those in control of other factors will cooperate. One of the most important factors is that of money. A sound money and confidence in the future value of that money is as essential to stability and progress in industry as are tools and raw materials and the skill of workers.

Dislocations of Industry and Business Resulting from Inflation

The experiences with inflation in foreign countries prove that there is no dependable protection, for either corporations, workmen or investors. The management of corporations proved to be the most important factor in those that live through periods of inflation without financial reorganization.

One of the characteristics of industry during periods of inflation is that of rapid rise in prices and sudden collapse. This makes it extremely hazardous for the manufacturer or any other businessman. If inventories are purchased at high prices and prices suddenly collapse, the loss may bring a financial reorganization in the business and result in great loss for the investor as well as unemployment for labor and hardship for the consumer. On the other hand, if prices rise sharply and inventories are not acquired at reasonable prices, the producer operating from hand-to-mouth in order to be conservative, may find that he cannot compete. He may be compelled to do business at a loss. In other words, inflation forces producers and merchants into the business of speculating on the future of prices. Maladjustments created by this speculation and the ups and downs of business cause unemployment and a general decline in business in all directions, with attendant reduction in consumer purchasing power.

Engineers and builders cannot make long-time future commitments on contracts because if they do, and provide themselves at present with the materials and equipments to meet these contracts, they may find their costs of carrying out the work so increased that they will lose money in the end. If they do not provide themselves at present with materials and equipment to meet long-term future contracts they may find the prices of these materials so advanced that they are unable to complete the contracts.

The control of inventory and the problem of business management resulting from price changes caused by periods of inflation and deflation are provocative of the most destrictive influences upon manufacturing and business in general. One of the primary causes of these ups and downs is uncertainty of the value of money and the debasing of the currency.

Any industry that borrows new capital before an inflation and expands its plant to produce necessary products may find that it is unable to market these products and pay off the borrowed capital over the next few years, because of the dislocation of consumer purchasing power resulting from the rapid changes in prices caused by the inflation and deflation of money and credit. It is the fear of these conditions that brings the capital markets to a standstill. Every country is in need of vast new industries. Material goods are adequate and labor will want these jobs. But the uncertainties of the future of the market and the uncertainties of the future value of money and the uncertainties of the ability of the industries to borrow money and carry through industrial expansion and pay that money back, may deter necessary plant expansion, and new industries.

Because of the changing values of monies for peoples who have been accustomed to buy our products, these people may be unable to make new purchases. Many products which we use in our industries must be purchased abroad. The prices of these products rise and fall sharply with changing values of foreign currencies in relation to our currency. When the French franc was worth 20 cents, an American motor car worth $700 was worth 3,500 francs. With the French franc at 2 cents, a motor car worth $700 in this country will cost the Frenchman 35,000 francs.

The American farmer who needs a foreign market for his products today can well afford to reflect the disadvantage to him of the depreciation of the foreign currencies. When wheat was a dollar a bushel and the franc was worth 20 cents, five francs would buy a bushel of American wheat. Today it requires 50 francs to buy a bushel of American wheat at a dollar a bushel. Is there not safe reason to believe that under these conditions, with depreciated currencies, foreigners will curtail their buying of American agricultural products and as a result we will have a vast surplus of agricultural products for which

Germany After the Debacle

(Continued from first page)

where once the Nazis lorded it, there now functions a transplanted bit of the Pentagon Building.

The Reich building itself was not too heavily damaged, but in the surrounding neighborhood the destruction wrought by the Allies is severe. One must, however, walk from the central railroad station—thronged with sober and shabby people, especially the old and the young—toward the Port of Bremen to realize what modern pre-Atom bombing can do to a city. Here, where the blockbusters fell, is utter devastation by the acre and square mile as far as the eye can see. Here was the great port, where docked the liner Columbus with its tourists of the 20's. Here is the real heart of the Hanseatic City-State of Bremen.

There lie the submarine shipyards with a dozen or more U-boats partly finished on the ways. There still tower the great cranes that unloaded the cargoes that armed Hitler for his scourge and everywhere about is rubble as far as the eye can see. If Germany is ever permitted to trade again across the seas Bremen, by its location, must come back.

But even if Germany were liberated today it would perhaps take four years to just clean the place up, and another six years, according to our "gesstimate", to erect a new city. Only this week was Bremen's harbor officially opened for ocean vessels. Heretofore, supplies for the American armies in Germany have been unloaded in Bremerhaven, about 40 miles away.

The Bremen enclave is a piece carved out of the British zone of occupation for the use of the United States mlitary forces. Here is the only place in the American zone where the military gets preference in all matters. Here, no reconstruction work is permitted, no materials being supplied to repair the damage unless the military authorities deem such repairs necessary. Outside of some dilapidated street cars, a recently started bus route and a very few bicycles or horsedrawn carts, the only traffic on the streets, is military.

Among the ruins here and there, householders have boarded up a cellar room or built a shack to live in. Right next door to headquarters of the military government are the walls of what once was a city mansion. Its former tenant has now carved out an abode in the ruins of the basement. The eastern part of Bremen, containing the residences, is relatively little damaged.

Bremen is a sad and seemingly "docile city." The military government has encountered no trouble from dissident elements. The much-touted werewolves so far have proved to be only a shadow on the wall. There are still in existence fragments of the once all-powerful Nazi's structure. It is by many taken for granted such organization, if it exists, is believed to be fragmentary. For example, it is rumored that at Kassel the military government has as its top civilian advisor a former Nazi fingerman. Whether this is true only an investigation could disclose.

By contrast with Bremen, Hamburg has a seemingly more normal air. Hamburg is in the British zone of occupation and there is much activity on the streets of what is left of its business district. Although the Elbe River City also has been most severely bombed, especially around the docks and in the industrial and commercial Altstadt and Neustadt districts, the city as a whole is so large that extensive residential areas have suffered only spotty destruction. One sees the people going about as if they had business to do.

There is merchandise in many of the shop windows even though what one buys is rationed and doubtless also ersatz. This is quite different from Bremen where, as one German put it to the writer, "you cannot spend 100 marks on anything but bread or potatoes." There just are no goods, no amusements, not even music, for the orchestras have been taken over by our forces. In general, the people of Hamburg appear well clothed and quite well fed, as is to be expected in a country which for years has been denuding its neighbors of all kinds of goods. The misery and destruction which the war has visited in Bremen is somewhat ironical if the stories are true that this city was always lukewarm, if not hostile, to Nazism.

At Bremen, in the American enclave, the people generally give the impression of simply enduring the occupation.

Between the G.I.'s and the Bremen girls, however, fraternization is going full blast. Chewing gum stretches a long way in buying entertainment, as do candy and cigarettes. A single American cigarette has a black market value of six marks in Bremen. One can see people going around the streets gathering the cigarette butts the soldiers discard. There are other unusual scavengers, such as the quite well-dressed housewife the writer saw today in the street collecting horse manure with a dustpan and broom, presumably for use as fertilizer in her garden. A common sight at almost any time of the day are the people pulling carts of fire wood they have collected in the outskirts, or of salvaged equipment such as a stove from a bombed building. These quite obviously are middle and upper-class people to judge by their neat and well conditioned attire. The most depressed and rundown-looking persons in Bremen are the discharged German soldiers. Their uniforms now in slovenly condition, slowly they are coming home to contemplate through the wind swirled dust what seems a hopeless outlook. There can be no doubt that the citizens of Germany's large cities know today what war means.

One of the wartime stories out of Hamburg, by way of Sweden, that turns out not to have been true was the tale that the Elbe Tunnel had been hit during an air raid while occupied by refugees from the bombing. The Elbe Tunnel is, in fact, in good working order. The big railroad and highway bridges in Hamburg also came through the war in working order.

Morale of the American troops is generally very good. Those who have points above the critical score are very anxious to get home, preferably by Christmas. Those enlisted men who are low-pointers are reconciled to the fact that they must remain with the occupation forces for some time to come. With the officers, the situation is somewhat different. The field grade officers display weakened morale because their point requirements for redeployment home and for discharge are so high. As for Bremen's 91 WACs, almost all of them want to stay here because they like it, and they do not look forward with any anticipation to the reported scheduled disbandment of the WAC organization next February.

Every possible facility for entertainment and relaxation is provided American enlisted personnel here. The food is the best America can supply, cooked by excellent German cooks requisitioned from the Burgomeister. The meals are served in a rathskeller atmosphere of pre-1914 Germany with orchestral music and courteous service. A series of ice cream parlors is being started, the first already open, to serve ice cream, coca cola and coffee to GI's at extremely nominal cost. The enlisted men have among Bremen's silent and, at night, somewhat gruesome ruins, their own place of relaxation. It is a former elegant night club which escaped bombing and the boys have christened it Shangri-La. There they are entertained by German and American musicians, may get food and drink, and otherwise relax. The prices are fantastically low. For example, in Shangri-La a GI can get beer or coke for half a mark, equal to five cents, and mixed drinks for two marks. There is no overhead. Service is by the German local government.

Since, with the absence of merchandise and of non-military economic activity, together with the abundance of purchasing power lying about unused, there is no demand for credit, the banks of Bremen have little to do. Many of them, bombed out of their original quarters, are now located in temporary premises. In Bremen there is a branch of the Reichsbank, but Germany's central banking system today is a decapitated structure. The regional branches are operating independently with no central board to determine and coordinate their policies, according to Herr Schact, director of the Bremen branch of the Reichsbank. The Giro system is not functioning adequately. There is no single centralized clearing with the Russian occupied zone, therefore no Giro relations at all. With the French-occupied part of Germany, there are Reichsbank branch Giro relations, but these have to be carried on by courier since there is no postal service to the French zone at present. Clearing houses for the Giro system exist in Stuttgart, Karlsruhe, Darmstadt, Frankfurt and Warburg, but none in Bremen. Under the military government regulations, the commercial banks are required to block the funds of any Nazi organization. Foreign exchange transactions are prohibited and all gold, silver, foreign exchange and foreign securities must be turned over to the Reichsbank where they are impounded, in contrast with the Nazi system of paying in local currency for such assets turned in by German citizens. The chief problem of the banks here, according to Herr Schact, revolves about the uncertain business outlook and the uncertainties as to personnel. The banks of Bremen have lost a considerable number of their trained employees and are in many instances finding it difficult to carry on their business.

About 150 persons among Bremen banks' personnel have been "denazified" from their jobs.

On Sept. 1, the military government closed the Bank der Deutschen Arbeit. This event has been followed by some disquiet among bank depositors, resulting in the withdrawal of some 13,000,000 reichsmarks from Bremen banks during the last 10 days.

This withdrawal of currency by the public, chiefly from savings accounts, left the banks with only 59,000,000 reichsmarks in their tills. In anticipation of a possible demand for more currency notes, the Bremen branch of the Reichsbank has ordered an additional 50,000,000 marks of Allied military currency. The military government authorities concerned with financial matters do not view this situation as serious. The Bank der Deutschen Arbeit was closed because of its Nazi identity.

Another financial problem encountered here relates to the Jewish properties which were in the hands of the Nazis and others when the war ended. Such properties are taken over by the Control Commission, which will have to decide what to do with them. The biggest problem in this connection is to find the legitimate owners.

The one thing that the people of Germany seem to have plenty of is currency. Both notes of the former Nazi Government and Allied military notes are in circulation. The American forces, of course, use only Allied military currency. These notes are available in denomination of one-half, one, five, ten, twenty and 100 marks. Each note bears in German the inscription, "Alliierte Militaerbehoerde in Umlauf Gesetzt in Deutschland," together with the denomination of the note in number and figures, and a serial number. The British, Canadians and Americans all use the same military currency.

The military currency being put into circulation by the Rus-

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there is no market? It would be of paramount importance to the market for the American farmer to have the stability of foreign currencies restored and with it full and free trade relations between the United States and foreign countries in both agricultural and industrial products.

Because of the declining values of currency in the thirties, foreign countries sought to protect their home market by restricting imports to their ability to pay with their exports. As a consequence, American-foreign trade fell to a very low level and so did the foreign trade of most other countries. A restoration of this trade requires first a restoration of dependable money exchanges between the United States and other countries. The importance of restoring exchange values of monies and in turn trade between the United States and foreign countries can be illustrated by the marketing problems of the cotton farmers. The United States has an actual advantage in producing cotton. Using this advantage we have increased our production of cotton until about 60% of our average production must be sold abroad. Or, in other words, we have an average use for only about 40% of our production. With the restriction of the foreign market, resulting from the conditions described, foreign peoples who would buy American cotton are unable to buy, and as a result the cotton farmer is dependent upon the government and when this government aid to the cotton farmer is not forthcomnng, one can foresee the plight that will befall the cotton farmer. It is a truism that a small surplus depresses the price wholly out of proportion to that surplus. The large surplus which the cotton farmer provides makes him entirely dependent upon a world market. The conditions indicated in the surplus production of cotton in this country might be illustrated in many other industries, including that of motor cars. In the motor car industry, we have learned to depend upon a large export trade and have built our plants accordingly. The future of that foreign trade is largely dependent upon the restoration of sound currencies and the free exchange of both industrial products and raw materials between the United States and other countries.

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The Securities Salesman's Corner

A Good Laugh Is Sometimes Worth A Hundred Arguments.

By JOHN DALTON

Time and again a salesman is faced with the problem of making a point of logic when his prospect disagrees. Sometimes it's better to "laugh it off." There are people in this world who like to assert their viewpoints just for the inner satisfaction which they derive from the exercise. When you meet them it is better to give them their lead and let them blow off their steam. If they like you there is a chance you can do business with them, if they lose an argument and you win it, they won't like you MUCH.

For example, we know of a fellow who is a pretty good lawyer. Most of them like to talk a lot. This one is not only a good talker but he's an able lawyer. The other day he was at lunch with a certain salesman. He began to rib him about a particular security that the salesman had sold him about two months ago. He went into the facts. He mentioned the low book value of the stock as compared with the price he had paid, the low wartime earnings, and several other factors that were true—but he didn't mention any of the other favorable considerations which prompted the salesman to offer the stock in the first place AND WHICH WERE THE OBVIOUS REASONS WHY HE ORIGINALLY AGREED TO BUY IT. Then he said, "You know darn well I paid too much for that stock, here it is almost two months since I bought it and it's still selling at the same price which I paid for it." Now this is a pretty good dose of castor oil for any salesman to swallow without gagging. But this salesman didn't argue, instead he smiled, lifted his coffee cup and said, "Well here's to the dogs I sell you, the only thing wrong with them is that it takes them a little longer than two months to get going, but I think you'll find out that eventually I'll be right, and when you do make your profit the tax collector will have just that much less and you can pocket the difference." No argument, no sweat and no strain. The lawyer found out he didn't have a judge and a jury to appeal his case, so he finished his dessert and all was happy.

This salesman judged his man correctly. This investor knew his business, he had bought many securities in his past life, he had taken some losses and some profits. He knew he had a pretty good stock when he bought it — he also had considerable confidence in the salesman. He was looking for a chance to put the salesman on the defensive. Some people are funny. If the salesman had gone into a lengthy argument about the merits of the stock he would have weakened his position in the future. He didn't try to resell that security. He assumed (in a nice way) that he knew more about that situation than his customer. The reason he assumed such an attitude was also very proper. HE WAS CONVINCED THAT HE KNEW MORE ABOUT IT THAN HIS CUSTOMER.

It takes confidence in yourself, in your own ability as a judge of values, and confidence in your capacity as an investment specialist and your own degree of knowledge of markets, values and economic conditions BEFORE YOU CAN MEET EVERY MAN ON A BASIS OF EQUALITY. If you believe that you know this business (AND YOU DO KNOW IT AND CONTINUE TRYING TO LEARN MORE) there are no sales hurdles you'll ever have to meet that you can't overcome. A well oiled brain, constantly alerted by study and factual knowledge, plus the ability to meet and judge the human animal in all his frailties IS ALL THAT YOU NEED TO SELL SECURITIES. THAT'S ALL BOYS—THAT'S ALL!

E. M. Edwards Co. in Phila.

PHILADELPHIA, PA.—E. M. Edwards Co. has been formed with offices at 1500 Walnut St. Officers are Edward M. Edwards, President and Treasurer, and Ira J. Williams, Jr., Vice-President and Secretary. Mr. Edwards was formerly with H. M. Byllesby & Co. and recently has been active as an individual dealer.

Roy Kemp Re-Opens

LITTLE ROCK, ARK.—Roy M. Kemp will shortly engage in a general securities business from offices at 1601 North Harrison St. In the past he did business as an individual dealer in Little Rock, was a partner in Kemp-Lokey Co., and prior thereto was an officer of Traylor-Jones Co.

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Germany After the Debacle

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sians in their zone of occupation differs from that just described only in that there is a minus sign in front of the serial number. Considering the manner in which the Russian military are here reported to be putting this currency in circulation, the minus sign may be prophetic. There is not time for the passing visitor to check the stories he hears in the officers' mess at Bremen. It is not without interest, however, to report some of the dinner-table conversation as heard by the writer in the American officers' mess in the rathskeller here.

One thing seems to be clear from these conversations: The Russian officers and men in Berlin are supplied with seemingly inexhaustible quantities of occupation marks and they are spending these marks like Brewster's millions. According to stories here the Russians don't know what to do with their marks. This occupation currency has no value at home in Russia and American officers here are saying that, unlike the American system, the Russians do not enable their soldiers to transmit money home for payment to relatives in rubles. It may be this or it may be that the Russians cannot find anything at home to be bought with the rubles they would obtain for such remittances. Whatever the reason or the policy of Moscow in this matter, the fact is that the Russians with whom Americans come in contact in Berlin are spending marks like water.

In Berlin, it is said American cigarettes are being sold at $10 a pack. Some American truck drivers making the run between here and Berlin, according to rathskeller rumor, have been paying $15 for a carton of American cigarettes in Bremen, with the object of reselling them in Berlin at fabulous figures. At that, there are few cigarettes to be purchased here.

I heard the story of an American lieutenant, recently in Bremen from Berlin, who asked his table-mates the time and then, indicating their watches, inquired how much they would take for them. He bought all the watches he could get because, so he said, they could be sold at very fancy prices to Russians in Berlin. It is further affirmed that the Russians who buy the watches in Berlin don't care whether the watches are good or bad, expensive or cheap. If a watch has a black face and luminous figures, it will bring more money. It is said one can get $700 for a Mickey Mouse watch in Berlin.

One officer relates he saw Russian officers coming out of an officers' mess in Berlin and simply picking up handfuls of occupation marks on their way out, with seemingly no accounting. American officers here believe—although this may be an unconfirmed rumor—that the Russian Government can obtain any amount of occupation marks from the United States that it may wish to obtain and that in this the United States is being "rooked."

One enlisted man in Berlin is said to have accumulated a small fortune by trading in the Russian black market in that city and, because he was unable to transmit home his trading profits, purchased two Berlin apartment houses. One lieutenant in Bremen is reported to have said that one of his enlisted men has engaged a German concern here to build him a yacht for a cost which, translated into dollars, amounts to only a few hundred.

The Russian black market in Berlin is largely a matter involving Russians and Americans. When the Russians want something that the Germans have they simply take it. A tale told here relates to the landlady of an American officer who was visiting Berlin. He saw her ride by on a bicycle. After a while she came in greatly disheveled and with a bayonet gash in her arm. A Russian soldier had demanded her bicycle and she had refused to give it up. This incident took place in the American zone in Berlin. If an American wanders about in the Russian zone of Berlin he is rather a rash person, American officers here believe.

The Russians have taken all the gold, jewelry nad other valuables they could find in other parts of Germany, it is reported here. They are also said to be doing a much better job of demilitarizing than we are, according to rathskeller conversation.

Incidentally, the British are not bashful about taking what they want. As mentioned earlier, this enclave was carved out of the British zone. By arrangement, it was evacuated at noon one day last May. When the British left they took with them all sorts of property, not only of military but non-military nature. The Americans that morning could only stand in the streets and chafe as they watched the truckloads of booty depart.

The writer was billeted one night in a very fine house in the better residential section of Bremen. The house was in an excellent state of repair and is still quite comfortably furnished. The present housekeeper, daughter of the former owner, states that when the British were in Bremen they took away the best furniture, ornaments and books from this house.

Most Germans here all seem to be very glad that the Americans now occupy their city, rather than the British or the much-feared Russians. It is the American way to treat others civilly. A consequence is that many American officers are saying that we are too soft-hearted. One complaint I heard at the officers' club relates to the way that equipment we seized in the submarine shipyards here is being released. Such material, of course, has become the property of the American Government. But when the military government wants some necessary construction work done and the designated contractor states that his cranes, trip hammers and the like are in the sub yards, "some lieutenant signs an order releasing the property to him for keeps." Apparently, there is no machinery set-up to make a charge for such released equipment.

Another rathskeller conversation I had was with a 75-year-old attendant in the washroom. He told me of the terror of the bombing, especially toward the end of the war, and expressed great relief that the war is now over. I asked him when Germany would be ready to start another war. "Never, never," was his vehement reply. An American captain states that whenever an American fighter plane buzzes over Bremen, as happens every so often, the girl stenographers in his office shed tears. On the other hand, there is the reported conversation with a 14-year-old boy who said he would be grown up when he reached 16. The boy was asked what he wanted to do when he grew up. He replied that he wants to be a soldier, "because soldiers are conquering persons." He did not seem to realize that soldiers also can be defeated.

I heard an officer complaining at mess about a replacement who had been reported by an MP for having a tunic button open. The officer did not think the man should be disciplined for this. The officer was concerned about the blot on the previously good record of his company up to the time of the open button. A button seems like a small matter, yet for want of a button, discipline can become lax and many consequences follow in a conquered country. An officer tells me he notices lately that civilians do not get out of the way of American vehicles or American pedestrians like they used to and that in fact he is convinced that some of the former German officers deliberately time their pace so as to arrive just in front of a walking American officer, counting on his American courtesy to cause him to slow down and let the German pass first. This, if true, may also be not without significance as to the effectiveness of the American occupation of this traditional land of warmakers. In the Russian zone such tactics would bring a bayonet slash.

Before my billet the other evening a couple on bicycles were passing a bench occupield by a woman and child. The woman threw a remark at the bicycle riders, which eventuated in a hot argument, causing some Americans nearby to intervene. It developed that the woman bicycle rider was the sole survivor of a Jewish family. She, because of her race and her loyal Christian husband, had been in concentration camps in Czechoslovakia and were now coming home. The woman on the bench had called "Jew" as they passed. The Americans who interrogated the participants in the resultant argument discovered in the local woman's pocketbook a photograph of Hitler tenderly preserved in the pages of a notebook.

Broker-Dealer Personnel Items

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the staff of **Keenan & Clarey, Inc.**, National Building.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND MAINE—**Philip C. Derrah** is with **R. H. Johnson & Co,.** 30 State Street, Boston, Mass. In the past Mr. Derrah was with J. Arthur Warner & Co. and Clyde F. Frost & Co.

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, MAINE—**Charles W. Leonard, Jr..** recently in the U. S. Army, is now with **C. W. Leonard & Co.,** Masonic Building.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, CALIF.—**Ellsworth B. Burgi** has become associated with **Walston, Hoffman & Goodwin,** 265 Montgomery Street. He was previously with Bankamerica Company.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, CALIF.—**William H. Pabst** is with **First California Company,** Bank of America Building.

(Special to THE FINANCIAL CHRONICLE)

TOLEDO, OHIO—**Louis J. Reimer** has rejoined **Stranahan, Harris & Co., Inc.,** Ohio Building. Mr. Reimer has recently been serving in the armed forces.

(Special to THE FINANCIAL CHRONICLE)

TAMPA, FLA.—**Cleveland L. Short** and **Malcolm Neuwahl** are epresenting **Herrick, Waddell and Co., Inc.,** 55 Liberty Street, New York City.

C. C. Fields Dies

C. C. Fields, prominent Canadian grain official, died at Winnipeg, on Sept. 13. Mr. Fields, who was born in the state of Kansas, was president of the Norris Grain Company of Canada. Mr. Fields, a member of the Winnipeg Grain Exchange for 40 years, was president of the Exchange in 1924 and again in 1934.

The Road to Peace

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by force of arms alone. Nor can it be assured merely by the establishment of a world organization. It can only be maintained by continuing world cooperation in the same spirit of devotion, mutual help and trust which animated our war effort. We must jointly wage peace as we have waged war.

In this battle for enduring peace the stakes are high. Last time we botched the job. If we botch it again we may, at best, lose the last chance to preserve our system of political freedom and economic opportunity; we may, at worst, face a new war with all the terrible destruction which this war has foreshadowed.

It takes little imagination to foresee the character of another war. Atomic power, launched from great distances by robot bombs or suicide planes, contains the seed of the complete destruction of civilization. The bloodshed agony and horror of this war have ended. Peace is here. Yet at this moment we are standing on the edge of an abyss.

We have taken one great measure to keep the world from falling into that abyss. We have drawn up a charter for a United Nations Organization; and this time there is no doubt about the full, wholehearted participation by the United States. But political arrangements are not enough. The treaty of Versailes contained provisions that could have kept Germany impotent for a thousand years. The League of Nations, with all its defects, could have forestalled aggression. But the treaty was not enforced; the League was allowed to sink into impotence. The principal reason for these failures was that the nations were distracted and divided by economic strife.

Private Enterprise Has Not Failed

We are often told that the experience of the 1920's and 1930's proved that the system of private capitalist enterprise is all washed up—that it has lost the power to sustain itself; that it cannot be counted on to give us our goal of full employment and a rising standard of living. That is, I submit, a profound misreading of history. The breakdown of the 1920's and 1930's cannot fairly be said to have been solely or even primarily the result of the failure of the system of private enterprise. It was primarily, if not solely, the result of the failure of governments after the last war to solve the economic and political problems resulting from the war.

The allied countries which had been held together in the common cause of war fell apart; each sought to pursue its own interests, regardless of the interests of others. They failed to settle the problems of war debts and reparations; they erected prohibitive tariffs; they engaged in a nationalistic struggle for self-sufficiency. Inexorably, these errors led on to the breakdown of currencies, competitive devalution, quotas, exchange restrictions, clearing agreements, blocs, preferences and a progressive tangle of authoritarian controls over every aspect of international commerce. Military conflict had been succeeded by economic warfare. Small wonder that we were overtaken by depression and continued unemployment.

The system of private competitive enterprise is, by its very nature, internationalist in character. It cannot flourish in a world of economic warfare. Economic warfare leads inevitably to totalitarianism and totalitarianism leads ultimately to war. The choice, to my mind, is plain. If we want to keep the enterprise system, we must have real peace If we want real peace we must avoid like the plague all the devices of totalitarianism.

Now let's look at the conditions which confront us here at home and the problems we must face abroad. But, first, what is it we want in the peacetime years ahead? All over the world people are demanding a greater measure of economic security. The goal of full employment is everywhere proclaimed. It has been written into the charter of the United Nations. Supplementing this goal, there is a well-nigh universal demand for broad social security—insurance against unemployment and old age. In short, the universal insistence is that men and women who live in an industrial society shall be protected against the hazards and hardships to which that type of society exposes them through no fault of their own. I certainly have no quarrel with all this. I share and fully approve these universal aspirations. But how are we to achieve full employment, greater social security and a rising standard of living for all people?

More Production, Not Government Spending

There is only one answer. If we are to have more of the good things of life we must produce them. They cannot be obtained by mere government spending. They can only be obtained if the productive genius which has crushed the Axis is given a chance to turn its unlimited abilities toward the production of peacetime goods. If that course is followed we have within our grasp, I believe, a period of prosperity that cannot only benefit ourselves but give a lift to the rest of the world.

Consider some of the facts. To begin with, there is the enormous, accumulated deferred demand for durable goods. For years the bulk of our productive capacity has been devoted to war. Hundreds of articles of everyday use have been unavailable. A great backlog of demand has piled up. Right now, if they were available, there is a market for ten million automobiles, four million washing machines, five million refrigerators, twenty million radios. The potentials in the field of housing and construction are enormous. Even before the war we had fallen far behind in the construction of new homes. We shall need to build a million and a quarter new homes a year for the next ten years. This is a sample of the market that is waiting for American business. Industry also has plans. Manufacturers alone expect to spend for capital equipment during the next 12 months an amount 50% greater than was spent in the boom year 1929. To this must be added the amounts which will be spent by railroads and public utilities.

Paralleling this great deferred demand there exists a huge volume of accumulated purchasing power. It is estimated that the American people today have almost $200 billion of liquid funds with which to finance the purchase of these new homes, automobiles, radios, refrigerators and industrial equipment. Nor should it be overlooked that this great volume of purchasing power does not tell the whole story. The mere process of producing and merchandising all of these things that people want will itself create great new sources of purchasing power and give rise to still further wants.

On the side of production there is scarcely room for argument. The miracles that have been performed in war production are a vivid recollection. As a result of the war our nation's productive capacity has been increased about 40%. Tremendous strides have been made in the development of new materials, new processes, new techniques. We have the capacity to produce; we have the potential demand; we have the available purchasing power to bring together production and demand. We have, in short, all of the conditions which, together with one other condition, are necessary to create prosperity.

Must Have Confidence

That one other condition is confidence. In the United States we hear dire predictions of mass unemployment. Demands are being made for a huge "make work" program. We have just proved that free men can out-produce, out-general and out-fight the regimented military machines of totalitarianism. Yet, in the face of that triumph, we still hear it said that the system of free enterprise cannot sustain itself and that in peace we must turn more and more to a system of government control and support of our economy.

Here is a strange paradox: Neither of our two countries was prepared for war. Our enemies had been preparing for years. Yet, unprepared as we were, none of us had any doubts about the outcome. Even in the darkest hours we knew we were invincible; we had complete confidence in our strength. Now, in the full flush of victory, we hear widespread doubts whether we can succeed in peace as we have succeeded in war.

Inevitably there will be a period of dislocation as industry converts from war production to peace production. But I am confident that this period will prove to be extraordinarily brief. I am confident that it will be succeeded by great prosperity. Indeed, our greatest danger at this moment is not unemployment and depression. The danger is that the coming upsurge of business activity may run away in an excessive boom.

The one thing that could bring on that boom would be to start priming the pump. This pump does not need priming.

Indeed, to pour into our economy at this stage additional billions of government expenditures for public works would be the most dangerous possible course. Pump priming authorized now would only begin to make itself felt well in the future when business activity and employment are already strongly on the upgrade. Coming at such a time it could easily tip the balance, turning post-war recovery into post-war inflation with all its aftermath of runaway boom and subsequent collapse.

There may come a time when public works to help create employment opportunities will have their uses. But that time is still far off—probably years from now when the forces of post-war recovery have spent themselves. For the present the factors making for recovery are so powerful that our wisest course is to give them an opportunity to get to work.

The International Picture

So much for the near-term domestic situation. The international picture is far more complex. Much has been accomplished in the political field through the establishment of the United Nations Organization. Here is a program which is good enough to succeed if men have the will and wisdom to make it succeed. Without that will and wisdom no instrumentality, however perfect on paper, is worth a rap. On the vital economic side everything remains to be done.

The Bretton Woods agreements have been drafted and are already ratified by the United States. Ratification by other countries, especially Britain, faces serious obstacles. But even if Bretton Woods is adopted all around, it is no more than a beginning. It provides no final solution to the problem of currency stability; but merely a method and an organization through which men can work toward a part of the solution. Basically stability of exchange rests upon trade and financial relations.

We emerge from the war with enormous power and prestige. In spite of our huge government debt and inflationary potentials we have no financial problems that we cannot solve for ourselves. Our productive plant is intact, bigger and more efficient than ever. Before long we shall be turning out in great quantities the goods which not we alone, but all the world needs and desires. In contrast our good allies have suffered deeply from the occupation of enemy forces and the destruction wrought by bombs and shellfire.

It has been our good fortune that the physical destruction of war was kept far away from our homes and factories. But we cannot wash our hands of responsibility for or concern in the destruction visited upon the homelands of our allies. It will not profit us to leave them to struggle unaided to repair the terrific havoc and destruction caused by the war. Moreover, the crash of brick and mortar is not the only damage that has been done. There have also been financial ravages. This is especially true of Britain. The British people made an immeasurable contribution to the winning of the war. They did so at great cost.

In spite of some $29 billion of Lend-Lease sent to Britain by the United States and additional billions of mutual aid furnished by Canada, the United Kingdom has had to sacrifice much of its foreign investment. It has incurred an enormous short-term debt represented by some $16,000,000,000 of blocked sterling owed chiefly to India, Egypt and the Dominions, including Canada.

These grave financial inroads can only be repaired by greatly increased productivity on the part of Britain. Yet much of her industry is in need of rebuilding, her foreign trade has been disrupted and her shipping partly destroyed. Add to this the fact that Britain is in need of large imports of food and raw materials.

In the light of these conditions it is not surprising that an influential section of British opinion favors the creation of a tightly-knit sterling bloc and that the urge toward bilateralism and other special protective devices which limit and control international trade is being strongly felt in what was once the home of free trade.

I lay stress upon the problems of Great Britain not merely because of the ties of common heritage, ideals, and tradition which we share, not merely because of the debt of gratitude and admiration we owe her heroic people in the war, but because I believe a solution of Britain's pressing problems is vital to world stability. It would be a tragedy of unforeseeable magnitude if Britain should find herself forced to lead the world back toward the system of exchange restrictions, quotas, clearing agreements and currency blocs which throttled international economic relations in the period before the war.

If such a gloomy outcome is to be avoided the United States will certainly have to give leadership and help.

A Proposed Program

Here are some of the steps that need to be taken:

1. **Prompt Cancellation of the Old War Debts**—These are dead and gone and uncollectible, but they are still a potential source of friction and misunderstanding. Let's get rid of them. With this should go, of course, repeal of the Johnson Act which forbids private loans to countries in default on their debts remaining from World War I.

2. **Settlement of the Lend-Lease Obligations**—We shall have to cancel at least a major part of the financial obligations under Lend-

(Continued on page 1362)

This is under no circumstances to be construed as an offering of these Bonds for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Bonds. The offer is made only by means of the Prospectus.

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September 20, 1945

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Due September 1, 1970

Price 102.187% and accrued interest

Copies of the Prospectus are obtainable from the undersigned

The First Boston Corporation

International Through Bills Of Lading

(Continued from page 1340)

that the clauses of the contract of sales were gradually developed, under which a large part of international trade is carried on at the present time.

Finally, as a last stage of this development, there was obtained a document of conveyance—the bill of lading—which is negotiable and which gives such rights to the buyer that the latter may, without excessive risk, on receiving this document, pay the price of the goods together with the cost of forwarding them to their place of destination and the cost of the insurance, unless under the contract those costs are to be borne by the seller. This document gives to its holder the right that the carrier who issued it, shall be liable not only for the care of the goods during the voyage but also, to a certain extent, for the statements which the document contains as regards the numbers and the condition of the goods. Together with the insurance policy and the bill of exchange, this bill of lading is the basis for a considerable part of the oversea trade of commodities. The great importance of this document of carriage for the international trade is especially instanced by the unceasing efforts which have been made not only by the International Chamber of Commerce in order to obtain a negotiable document of title in respect even of goods carried by rail, but also by the representatives of the seaborne trade, for more than half a century, to obtain an international regulation concerning the sea-bills-of-lading. These efforts have led, on the one part, as regards rail-carried merchandise, to the modifications of the Berne Convention of 1933, providing the possibility to bring about, by way of agreements between States or Railway Administrations, the creation of negotiable documents for transport by rail, and, on the other part, in regard to the carriage of goods by sea, to the International Convention on Bills-of-Lading (the so-called Hague Rules) now adopted by almost all the maritime nations of any importance.

Problem of Multi-Carrier Participation

However, even assuming that such a negotiable document of title is introduced not only for sea-borne trade, but for all kinds of carriage of goods, the object we have in view would not be attained. The carriage of goods is not always effected for the whole distance by the carrier who first received the goods and issued the document for the conveyance thereof. When the goods are carried by rail, the carriage between two or more countries is always to be effected by means of conveyance owned by different carriers. And in the case of an international shipment by sea or by air, it may often happen that the goods cannot be conveyed to the place of destination by the carrier who first received them. Such is, of course, as a rule the case when different means of conveyance are to be resorted to, for instance ships, railways and aircraft, in order to get the goods to their destination. When a change of carrier is unavoidable, the merchants are faced with inconvenient problems which so far have not been solved in a satisfactory manner. The shipper cannot—where through bills of lading covering the whole transport are not available—have the goods conveyed to their destination by one single contract of carriage. At the place where the intervention of another carrier is required, the shipper must either himself or through a forwarding agent take care of the goods and then, after having entered into another contract of carriage, have the goods reforwarded. When merchandise is conveyed by different carriers in succession, this entails serious inconveniences also for the final consignee, who has, as regards damage to the goods or delay, to address himself to each carrier for his part of the voyage. He has not the possibility of enforcing the liability of the last carrier in respect of the whole voyage.

One can therefore easily perceive what trouble and expenses there would be involved for a shipper who has, for instance, to send goods by railways which run through the territory of several states. This is the reason why—long before a negotiable railway through-bill-of-carriage was introduced in 1933—the difficulties now mentioned have as regards most of the European railways been dealt with in the Berne Convention of 1878 in cases where the international conveyance is effected solely by rail, or by railways and ferry-boats connected with same. In respect of aerial transport, when the goods are conveyed by several aerial carriers, the problem has been solved to a certain extent by the Warsaw Convention of 1929. But for carriage by sea, there do not exist any international provisions unless one should consider the Bills - of - Lading Convention (Hague Rules) as applicable to a through-bill-of-lading. However, it is chiefly in regard to combined direct transport that the absence of regulation is especially felt. When goods, in order to arrive at their destination, have to be carried by means of conveyance of different nature, rules for facilitating the transport and for the protection of the owner of the goods are lacking everywhere, with the exception of the United States and Canada; and even the Through Export Bill of Lading there in use does not give the trade all the facilities desirable. An international regulation would seem to be natural and advantageous.

Private Agreements Fixing Liability

However, a satisfactory solution of the present problems arising with respect to combined through-traffic of goods, is not easily obtained by way of an international convention without the previous existence of such a through-traffic which, established by private agreements of more or less permanent character, has acquired some degree of stability. An agreement fixing between the carriers themselves an international through-carriage of goods, either by means of conveyance of the same kind or by different means of carriage, seems to be a necessary preliminary basis for a regulation by an international convention of the following questions, viz: the obligation of the successive carriers as against the consignor and the consignee to perform the contract of carriage for the whole of the voyage entered into with the first carrier; the responsibility on the side of the last carrier as against the consignee for damage which may have been caused to the goods also during the transport by the other carriers, as well as for the statements and indications in the through-bill of carriage issued by the first carrier; the rights which a document of through-carriage confers regularly to the holder; the effects of a local bill-of-lading if such be issued in connection with the through-carriage document; the possibility of avoiding a different regulation of liability in respect of the various sections of the whole voyage, and other questions which are of special importance for through-carriage, whether by combined means of conveyance or not.

As to through-carriage of goods by rail or by air, the desired stability may be secured, in the first case by the very fact that the railways often do belong to the States themselves or are under the control of the States, and in the second case, owing to the fact that the aerial carriers are or will be united into powerful international organizations which regulate the relations between the carriers. The establishment of international regulations on combined through-traffic by rail and by air ought not to give rise to great difficulties, in view of the above-mentioned facts.

Conditions Relating to Ocean Transport

In oversea transport, however, involving thousands of shipowners, conditions are not so favorable for obtaining the desired basis of an international regulation on through-traffic whether combined or not. This is owing not only to the great number of carriers and the consequent difficulty to arrive at some kind of regular cooperation, but probably also to the circumstance that, ever since the time when such cooperation between carriers was yet unknown, or at any rate altogether exceptional, the forwarding agents have acquired such a strong position and organized their activities in such a manner that the need for such cooperation did not appear so urgent as e. g. in the field of international transport by rail. But this does not prevent that as the various means of transport in the traffic-net goes on encircling the globe, the necessity for the carriers themselves, for the greater benefit of world's trade, to take over the responsibilities of the forwarding agents—whether or not they take over the work themselves or make use of existing forwarding agencies—for reasons above mentioned becomes more urgent every day. Not only the difficulties and the expenses of the owner of the goods are under such an arrangement considerably reduced but it is also then possible for the consignee to call the last carrier to account in respect of the care to be taken of the goods during the whole time of the voyage, and of delays and any other defects in the fulfillment of the obligation of the contract of carriage generally. The merchandise needs then no longer during interruptions of the voyage owing to change of carriers, to be entrusted to forwarding agents who are no party to the contract of carriage and consequently have no responsibility for its proper performance.

Carrier Cooperation Essential

A well-organized cooperation not only of carriers using the same means of conveyance but also in the case where the transport is carried out by different modes of carriage is, as has been said, for reasons above stated, a necessary condition for a satisfactory solution of the problem by international legislation. It seems, however, doubtful whether such a legislation can be attained by an international convention of the usual type.

In 1928, as a member of the Permanent Juridical Committee the Organization of Communications and Transit of the League of Nations, I presented to that Committee a memorandum concerning a uniform contract for international transport, in which I stated namely: "For my part, I believe it is a wise caution to touch as little as possible on the Berne Convention, which has just been ratified in its new form. The consequence is that it is not possible to take the Berne Convention as a fundamental document regulating the uniform document of transport. Another international convention is required and an additional protocol to the Berne Convention could embody the alterations to that convention which are needed to avoid a conflict between the two conventions. This new convention, in my opinion, ought to have a character quite different from the Berne Convention. The chief object is to create a document for through-carriage of goods under which each of the successive carriers is held liable towards the holder in respect of the whole transport, so that this document would, in international trade, have the same value as a bill-of-lading has at present.

"Of course, it will be equally useful to have some rules as to the apportionment of liability between the carriers themselves. It is not possible to render the last carrier—who may be a small shipowner—liable towards the holder of such document in respect of the whole damage, unless there be a previous agreement between all the carriers concerned in the voyage. If no such agreement exists, it would be rather difficult, juridically, to give to the holder of such a through-traffic document, issued by the first carrier, a remedy against all the other carriers merely in virtue of such document. Therefore the convention should be applicable only where such an agreement of through-carriage between the carriers in question does exist, and these carriers have voluntarily accepted the stipulations of the convention. An American railway company, a regular transatlantic shipping concern and a European railway enter into an agreement of through-transport. There should be set up an International Registration Office where the existence of such an agreement could be registered. By the very fact that the existence of the agreement is registered, the convention on through-way-bills and its regulations as to the liability towards the holder of the document should automatically come into force as regards this agreement.

"The same should be the case where different shipping lines are involved. I believe that such an arrangement of voluntary adhesion is the only scheme which might decide English shipowners to come into line. The obvious advantages which such a document will represent for their clients will, owing to competition, soon compel the carriers generally to adhere to the convention. If it were possible to follow in such a convention the principles embodied in the American Act relating to bills of lading in interstate and foreign commerce 1916 (Pomerene Act), this would obviously facilitate the adhesion of the Americans. This act is applicable to railway and to oversea traffic."

The Berne Convention

Since this memorandum was written, the revision which the Berne Convention has undergone in 1933 has afforded the possibility to pass contracts on car-

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The Road to Peace

(Continued from page 1361)

Lease. But this does not necessarily mean getting nothing in return. Article VII of the Mutual Aid Agreement provides that the arrangements for settlement shall be directed to the expansion of production, employment and the exchange and consumption of goods; to the elimination of all forms of discriminatory treatment in international commerce and to the elimination of other trade barriers. The United States is entitled to ask that its partners live up to the letter and spirit of this part of the agreement.

3. **New Credits** — With the clearing away of the old debts and the settlement of Lend-Lease it will be necessary to provide new credits and possibly some grants-in-aid to help restore as going concerns the economies of our friends nad allies.

4. **Tariffs**—We in the United States hear a good deal of talk these days about great export markets. It is true that there exists throughout the world an enormous need for goods which at present can only be produced in any quantity here in America, but the real question is how those goods are going to be paid for. In the long run they can only be paid for if we are prepared to receive in exchange an equivalent amount of imports from other countries. The foreign trade problem of the United States is not a problem of promoting exports, rather it is a problem of promoting imports. If we can find the way to buy a sufficient quantity of goods from other nations to supply them with dollar exchange we shall have no difficulty in selling them all of the goods they have dollars to buy. If we do not find the means of increasing our imports then we shall find other nations taking measures to protect themselves by the imposition of import quotas and the development of bilateral trade agreements, currency blocs and preference areas.

Among the first peace conferences that ought to be held is an international conference on tariffs to lay the basis for peaceful and profitable trade among the nations of the world.

In all of these things it will be obvious (at least it will be obvious to the Americans here) that the United States is going to be called upon to make the biggest contribution toward the establishment of world economic peace. It cannot be otherwise. I know that many of my compatriots will recoil from such a program. The trading instinct is strong. It is not easy to see the advantages involved when one nation helps another to its feet—helps a competitor to compete, if you will—without any tangible quid pro quo.

Yet we must find a way to reestablish among nations a broader, more active exchange of goods and services. Economic interdependence is essential to continued international collaboration.

In the war just ended our two countries have been united by common ideals and a common goal. It was not for love of conquest or for any material gain that the young men of Canada and the Untied States went forth to spill their blood upon the far-off beaches of Dieppe and Okinawa. Certainly it was not for glory and the love of fighting. It was because there had been turned loose in the world savage, ruthless forces which were the enemies of everything in which we believe. Faced with the brutality of Germany and the bestiality of Japan the issue was as plain as black and white. It was a simple moral question—the sheer difference between right and wrong, between civilization and savagery.

But now the issues become blurred, more difficult to understand. less easy to dramatize. The unifying cause of war is broken.

In our two countries we have present the conditions which can produce a great post-war recovery. But let us not delude ourselves. We cannot have here on this continent any lasting prosperity while the rest of the world is plunged in economic distress. For our own sake we must continue in peace as we have in war to work together. We must join with other nations to restore the basis for world-wide trade and economic progress. We have won a great victory in war; now we must go forward to win the victory of peace.

riage by rail based on rules which differ entirely from the Berne Convention (Comp. arts: 2 § 4 and 61 § 3), without infringing this convention, where the railway transport is a part of a through-carriage of goods. The main obstacle to such an arrangement as I have suggested in 1928 has, therefore, as regards the railways, disappeared. Unfortunately, the Warsaw aerial convention does not contain similar provisions; but it should not be difficult to introduce an amendment in this direction. In the resolution passed at the general meeting of 1933 in regard to the question of combined carriage of goods effected partly by air and partly by another means of conveyance (railway, motor lorry or ship), the International Technical Committee of Experts on Aerial Law (Citeja), which has drafted the convention, stated that it would be less satisfactory to accept a regulation which would only apply to transport by air; that the problem ought to be examined as a whole and in connection with the other means of conveyance, and that this ought to be effected with the assistance of experts who are competent in respect of all the means of transport involved.

However, neither the Citeja nor the International Chamber of Commerce, which also has taken an interest in these problems, have gone beyond the preliminary stage of the question. For reasons which I have stated above, it is especially in the field of transport by sea where arise the greatest difficulties, but also the greatest advantages for the introduction of international regulations in respect of through-carriage and more especially combined carriage of goods. I asked in 1937, as President of the Swedish Association of International Maritime Law, that the International Maritime Committee should put the question in its agenda-paper and appoint a sub-committee for the purpose of investigating into the possibility of bringing about a cooperation with the institutions representing the clients and the carriers using different means of conveyance. According to my information, it would seem that the International Chamber of Commerce also was interested in such cooperation. The International Maritime Committee passed a resolution in accordance with this proposition, but the outbreak of the war made further steps from the side of the Committee impossible.

In the United States there has always been a considerable interest for through bills-of-lading. The Interstate Commerce Commission introduced in 1920 a Through Export Bill of Lading for a combined transport from places within the United States to an American port and from there by sea to foreign countries.

The advantages and conveniences of such a combined through-traffic under a through bill-of-lading have been discussed at 30 conferences convened by the United States Department of Commerce in 1928 in different parts of the United States.

The report published by the Department of Commerce shows, as a result of those discussions, that in the general opinion, the use of such through bills-of-lading ought to be encouraged. The report says that the shipments from the central western part of the United States via Pacific Coast ports to the Orient are general effected under a through bill-of-lading of such kind and that there are no difficulties. It was held that the shipments across the Atlantic towards the East, ought to be effected regularly in the same manner. Payment could then be obtained immediately against delivery of the bill-of-lading and there was no necessity of employing agents at the port of exportation. The goods can be sold c.i.f. and the seller is enabled to calculate all expenses beforehand. The bankers in the interior parts of the United States, it is said, agree in fact that the through bill-of-lading in question is a desirable document appropriate for shipments from the inland to foreign countries. No doubt, such document is considered abroad with a certain amount of distrust, but that is only because it is not sufficiently known; such distrust will disappear when it will be found that the system gives satisfaction. On account of that distrust, the New York bankers have agreed hat they will only accept "railroad through bills-of-lading" when the buyer approves of that document. The report of the Department of Commerce further states that in the European countries—especially in Belgium, Italy, the Netherlands and Germany—the document in question is frequently used and has been accepted favorably by merchants, bankers and charterers. In England, it is used largely in some parts of the country and not at all in others.

Also for the import into the United States of goods shipped from Europe, says the report, there are cases in which the through bill-of-lading is used. For example, the "Pennsylvania Railroad Company's import bill-of-lading", which is signed by that railway company's agents in France, Switzerland and Italy.

When the United States adopted the Hague Rules in 1936, provision was made in the statute to adapt the Through Export Bill of Lading to the new statute. I do not know if the Interstate Commerce Commission has as yet taken up this question.

Anyhow, it is to be supposed that, as soon as the international trade again is going to flow in its ordinary channels—or perhaps even before as a desirable preparatory step — the Interstate Commerce Commission will again make the Through Export Bill of Lading an up-to-date instrument of trade. If the United States authorities who have shown a great foresight and a real interest for this important question would take the initiative to an international convention of a kind as indicated above, introducing an international Through Bill of Lading, covering transport all over the world by air, by rail, by motor lorries and by sea, they would give a satisfactory solution to a problem important to the whole world.

Municipal News & Notes

The rapid distribution that attended last week's offering of $7,500,000 Port of New York Authority series J, 1¾% terminal bonds of 1985 was a source of considerable satisfaction to the municipal trade. The underwriting group, headed by Harriman Ripley & Co., Inc., acquired the loan on a bid of 96.1099, and reoffered the obligations to investors at a price of 98% and accrued interest, the yield to maturity being about 1.82%.

Contributing importantly to the success of the undertaking was the attractive price tag at which the issue was offered. In this connection it may be recalled that the previous new Port Authority loan, which was brought out on March 28, was speedily placed by the underwriters at a price of par and accrued interest. In this instance, the coupon rate was 1½%, although the maturity date of 1985 was the same as that contained in the recent financing.

As for the terms achieved by the bi-State agency on the earlier occasion, they were naturally much more favorable than was the case with respect to last week's award. The March transaction, which involved a total of $12,000,000 ninth series general and refunding bonds, resulted in a net cost to the Authority of 1.5345%. This compares with the net cost of 1.9056% achieved in the sale of the $7,500,000 series J obligations. It is also of interest to note that whereas six bids were entered for the issue sold in March, only three tenders were submitted at the recent offering.

However, despite the more generous yield afforded on the new issue, in deference to the present level of municipal bond prices, the sharp success that attended distribution of the issue was no less impressive.

Moreover, as stated, it undoubtedly served to give a strong measure of confidence to the municipal trade in general, an ingredient, incidentally, that has been largely in absence since V-J day.

It cannot be said, of course, that the municipal market has as yet recovered from the uncertainty and confusion with which it has been engulfed since V-J Day. Actually, there has been little evidence to support any such conclusion To begin with, the supply of new bonds in recent weeks has been extremely small, with the result that there has been no opportunity to test the strength of the present price level.

It is this factor, moreover—the question of future supply, that has been principally responsible for a large part of the present uncertainty. The other main consideration, of course, deals with the question of taxation, or to be more precise, the probable level of Federal taxes.

With reference to the supply factor, it would appear that a volume, on an annual basis, of at least twice the output during the war years can be expected. The question still to be answered, naturally, is when the increased output will get under way. Our guess is that nothing of consequence will develop in this respect until, and unless, Congress acts on President Truman's recent recommendation that the Federal government lend financial assistance to States and local taxing units for the purpose of permitting such bodies to engage in various public works programs.

In view of Mr. Truman's proposal, the prospect is that many public bodies will delay taking the initiative, particularly where new borrowing is concerned, in light of the possibility that the Government will shoulder a substantial portion of the required outlay.

Thus, it would appear that Congress will determine in large degree the extent and possible imminence of any substantial flow of municipal issues. Similarly, the matter of the future level of Federal taxes will likewise be subject to Congressional decision and, incidentally there is every reason to believe that the burden will, of necessity, continue heavy for an indefinite period.

Meanwhile, the municipal bond market, in the absence of any definite signposts, will probably continue in a lethargic state, both insofar as new business is concerned and with respect to trading activity. It may be that an extended drought of new offerings may have the effect of generating a much greater degree of investor interest in existing inventories than presently is in evidence.

Such a development would, it may be added, be most welcome to dealers, many of whom have been unable to lighten their positions despite substantial price concessions from previous offering levels.

Alberta Debt Refunding Plan Expected to Be Placed in Operation Shortly

Present indications suggest that the debt refunding program for the Province of Alberta will soon be placed in operation. The plan, which was offered to creditors by the Province on July 16 last, had already been approved by holders of more than $77,000,000 obligations as of Sept. 15. This figure represented more than 90% of the assents required before the plan can become operative.

Latest advices on the status of the program came from Norman S. Taber & Co., New York, financial advisors to the Province. Under the plan, the government will pay in cash and full the approximately $33,000,000 obligations matured and unpaid to June 15, 1945. This figure includes an adjustment of interest for the past nine years, during which period the Province has paid bond interest at only 50% of the contractual rate.

As for the $88,000,000 of bonds maturing subsequent to June 15, 1945, these will be exchanged, par for par, for new serial 3½% bonds, maturing from 1961 to 1980 incl. An additional $21,000,000 will be paid to such bondholders representing an adjustment of unpaid interest during the past nine years and an adjustment of higher contract interest rates contained in the original debt. The interest adjustment in this case will be paid partly in cash and partly in non-interest bearing talons maturing over the next three years.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1342)

my belief however, that whatever correction is witnessed will run deeper than generally anticipated for a number of reasons. First of all floating supply has dwindled. Margin accounts are practically non-existent because of the freeze restrictions. And last there is a continued reluctance to take profits because of the tax situation. All these factors have a tendency to increase the market swings. So reactions run deeper and rallies come easier.

In last week's column readers were given specific advice regarding the five stocks held and where they would meet selling. It was further suggested that holders of these stocks close out half of their positions, when these issues reached resistance zones. Stocks were as follows: A. M. Byers bought at 19, stop at 16, half to be sold across 21, or the 21 area. Stock made a high of 20⅜. Profit accepted isn't tremendous. But no matter how small it was better than a loss. Jones and Laughlin bought at 35, stop 33, met obstacles in the 41 area, managed to touch 40 before it turned down. I consider a point either way a selling zone. So profit in this one is a little better, and you still hold a partial position. Paramount, in at 30½, stop 28½, indicated a selling area beginning at 35. Stock got to 35⅜ before it stopped. So half was sold at a profit giving you more room to turn around in. U. S. Steel, for those who still have it, was originally bought at 56, stop 65 (allow a full point break on this one) began feeling barriers at 74, where half selling was suggested, advanced to 75 before it stopped. This represented another profit and still permitted the maintenance of half positions should it start advancing again.

Final stock in the list was White Motors which was bought at 29½ with a stop at 28. Its trouble zone, as indicated in last week's column, began at 35. Like the other stocks in the list this one too managed to slip into the area by a half point getting to 35½ before the selling wave hit it. Profit in White is nothing to sneeze at and besides the gain in it, added to the ones mentioned above, takes care of the losses incurred in the sale of the rails some weeks ago.

Selling half holdings of any given positions is nothing new. It pre-supposes a reaction, not necessarily a major one, and permits repurchase at a later date at a better price and at the same time cashing in on some profits. The advantage in such a plan lies in not abandoning completely an advantageous position. And if it becomes necessary to sell the other half at some later date, if a stop is broken, part of the original profit still remains. Of course if the plan is to be workable the profits on the half sold must be substantial, otherwise the commissions, taxes and odd lot differentials (if odd lots are used) will eat up any advantage.

How soon the current reaction will stop and a new rally get under way, present action doesn't indicate. So until sufficient signs appear the advice is to hold on to your half positions and make no new purchases until advice to that effect appears here.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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"Now One Party Against Another"

(Continued from first page)

We ought to be very proud of the part that our State played in the Convention last year at Chicago. We ought to be proud of the choice that was made then, and proud of the wisdom of that choice as it is being demonstrated now.

Of course we did not know, in July of 1944, that the hand of fate hovered so closely over us, that within a few months the man whose leadership had saved America from fascist aggression would no longer be here to build a future for America safe from all aggression, that the man who had led America out of the depths of peacetime depression and unemployment would not be able to carry on to a new security in a new peace.

Democratic Party Program

But we did know that the Democratic Party had a program. It was a program for winning the war, for lasting peace, and for full employment after the war. And we did know that there were men, members of our party, who could and would carry out that program.

Roosevelt knew that Harry Truman was such a man. And today, my fellow-Democrats of Missouri, taking stock of ourselves and of the state of the nation, appraising the brand of leadership that Harry Truman has given us since he took over the Presidency, today I ask you, how many Americans do you think there are—whatever their party affiliations—who publicly or within the privacy of their own homes and their own consciences are not ready to thank God for the foresight that was shown by Franklin D. Roosevelt when he made his choice of a running mate last year in Chicago?

But being thankful is not enough. We Democrats cannot be content with sitting back now and congratulating ourselves on the high calibre of a national ticket we succeeded in electing last November. For us, for the membership of the Democratic Party throughout the nation, there is a continuing obligation. It is the obligation to go on giving our active support to the man whom we have charged with the tremendous responsibility of carrying out our party's program, the program that was outlined in our platform in 1944.

I have pointed this out at every Democratic meeting I have attended since the election, and I want to emphasize it here in Missouri. I want to emphasize to you my strong feeling that the party's job—your job and my job—is not only to support a slate of candidates at election time. It is to support policies too, the policies for America which our party has pledged itself to carry out. And that is a job that goes on between elections. It is to support our President continuously as he carries on from day to day with the huge tasks that face him. That remains your party's responsibility, and therefore your own individual responsibility as well.

The great majority of Americans who elected the Democratic ticket last November have been giving President Truman this needed support. Among these citizens, you know, there were a large number of Republicans who last November deserted their own party because they saw that neither the party nor the candidate had a constructive program for America. Today those Republican voters who joined us in electing our national ticket are rejoicing with us in the record that Harry Truman is making.

Attitude of Republican Leaders

But there remains one group, a relatively small group of leaders in the Republican party, who are unhappy about America. Oh, they are glad that their own skins have been saved, that the war has been won—won in spite of the obstructions to preparedness and victory which they themselves stupidly threw in America's path.

But now they are ready to forget all that. In fact, they are only too willing to forget it and they would be very happy indeed if the American electorate would forget it too.

During the war years a whole army of rank-and-file Republicans turned against this leadership. They were disgusted. They were frightened. In the anti-preparedness voting of their party members in Congress, they saw a threat to the safety of the nation. In the speeches of some of these same Republicans on the floor, they heard an ominous note—ominously like defiance of Government policies and Government emergency regulations in time of war, ominously like a deliberate attempt to alienate us from our own allies, ominously like appeasement of our enemies, ominously like pressure for a negotiated peace.

The Democratic administration was attempting at that time to enlist the energies and abilities of Americans of both political parties in the defense of this nation, for victory, and for lasting peace. Those aims were put above party politics. We needed national unity, and we crossed traditional party lines time and again in our resolve to achieve it.

Meanwhile, certain individual members of the Republican Party leadership were giving one of the most shocking demonstrations of party-line voting in a time of war emergency that has ever gone down in the annals of our country. And these men who were directly and personally repsonsible for that shameful performance are able to stand brazenly before the electorate and call themselves Republicans today.

"Now, One Party Against Another"

Well, the war is over now. There is no further need for the Democratic Party, the party in power, to lean over backwards in covering up disruptive or disunifying elements in the opposition. In the interest of national unity, both for military victory and in those critical days when the administration's program for world peace was at stake, the Democratic Party set party politics aside. Those emergencies were America's emergencies, not those of one party as against another.

Rather than say that this is something we should be proud of, I say that if we had not done it we should have been ashamed. But under Roosevelt, and then under Truman, the Democratic Party has kept full faith with America. To the last letter, it has discharged that obligation to hold the destiny of America among nations of the world above and beyond the destiny of any political party.

With this duty fulfilled, today we are no longer obliged to coddle reluctant Republicans into going along with America. The Administration was elected on a platform that was simply stated and made clear to every American. The objectives stated in that platform express the will of the majority of our people.

The opposition either wants to attain these objectives or it does not want to attain them. And hereafter, when it attempts to thwart or circumvent the will of the majority, no longer must we, the majority party, refrain from exposing that opposition relentlessly to the light.

Shares President's Optimism

For my part, I regard this as a welcome change. We are faced with the third problem that we promised to tackle in our 1944 platform—full employment after the war. The solution to that problem will not be easy. But you have read the message of President Truman to Congress, in which the President expresses his confidence that with proper action now, not only can we succeed in reconversion, but America will be able to fill a huge backlog of orders, orders that mean prosperity for industry and jobs for all.

I share the President's optimism. I also believe, as he does, that action by Congress is necessary now. We Democrats mean business, we know we have a workable program, and it has now been put before the Congress. On this issue of jobs for American workers, we are not going to mince words with the opposition.

Either the members of that opposition are for full employment of American workers at all times, or they are not for it. If they are not, let them say so. Then we shall see to it that their position is fully revealed to the American people.

This time we are not going to let them conceal their final objectives behind platitudes or counsels of perfection. As legislation to carry out President Truman's domestic program comes up, we are not going to let Congressional members of the minority party get by with indorsements "in principle" and amendments that would cancel out the principle they have indorsed. We are not going to let them say, "sure, we think any American who wants to work ought to have a chance,"—and then proceed to undermine every effort to create and insure that chance.

That is a technique, you know, which has become very popular among the Republicans. Having no program of their own, they hope, by employing this technique, to be placed on record as favoring the objectives of the Democratic Party, at the same time subverting its program.

Sometimes it works. Sometimes that technique succeeds in masking the real purposes of these Republican leaders who are very long on general principles and very snort on specific action. Well, this time we are going to expose those purposes to the light of day, where the American electorate can have a good long look at them between now and November in 1946.

Republican Opposition to Unemployment Policy

Already there have been indications that the sentiment in Congress on legislation to protect America from post-war unemployment is running to the old familiar party lines.

It is a familiar picture. And it looks as if there are going to be all the old familiar trimmings to it. The Republicans are not against jobs for all our people. Oh no—they are merely against doing anything to make these words mean something. They are not against unemployment compensation. No—only against taking any action to make that compensation available and adequate.

Already the President's message to Congress on the domestic postwar situation has caused the Republicans to come out in their true light. The Old Guard leadership already has taken its stand against the 21-point program that President Truman has put forward to meet and solve the problems facing America here at home. Yes, they are against it, but you will search in vain if you want to find out what, specifically, they are for.

And so, once again, the Republican Party is forced back by its leaders into the complete political bankruptcy of its old position, the position of opposing all progressive efforts to keep America safe and prosperous, and at the same time of being without anything constructive to offer. That is a position on which the Republican Party has held a complete monopoly since 1932.

Its leaders call this "conservatism." They are going back now, they say, to old-fashioned conservatism." These were the exact words they used. Harry Truman's message to Congress, they say, has given them their cue. They know where he stands. Now they can formulate their party line.

Well, we know where they stand too. So far as I can see, they need not exert themselves with any great amount of new formulating. It's the same old party line which the people of America have rejected in four national elections.

Yes, it is the old-fashioned conservatism of old-fashioned Republicans. Nothing has been added except another four years of hoping—hoping that the American people will turn back the hands of history to those good old days of the '20's which the Republican leadership can never forget.

"Old Fashioned Conservatism"

When this leadership speaks of "old-fashioned conservatism," all the world knows what it means. It means reaction, the nation thrown into reverse gear, the crumbling and collapse of that whole structure of present-day democracy which has been built to protect the incomes, homes and children of our people. It means the ruinous turn-and-turn-about of boom and depression that threatened the life of American democracy within the memory of this present generation.

That is not "conservatism" as we Democrats use the word. That is reaction. Our own Democratic Party has its "conservative element." We are a big party, and we have room in our party for all good Americans whose heads are not attached to their necks in reverse so that they must always be looking backward.

Well, the American voter who has followed Republican propaganda all the way around the circle since 1932, may now be saying to himself, "This is where I came in." But at least the party leaders are making no bones about it. If you know what they mean when they say "old-fashioned conservation," then you know just where the two parties stand—and which way they face.

What this means is that the Republican Old Guard has abandoned the "Me too" strategy that failed to elect Tom Dewey last year. Dewey, you may recall, promised to give the people Roosevelt's program—only more so. He could do for America everything that Roosevelt was doing—but he could do more of it.

Well, the Old Guard went along with Dewey, but it was only a case of temporarily shelving one false front—the mask of "conservatism" which covers Republican Party reaction and backward-looking—for another false front.

It makes me think of the man who was hired to take the lion's part in the circus when the lion died. He got into the lion's skin and went into the cage. The crowd gathered around, and he roared aloud and acted the part of the lion. But suddenly he saw, in the same cage, a tiger. Whereupon the king of the jungle gave forth a very unkingly cry for help, and backed into a corner. The tiger advanced upon him. But when he was very close, the tiger said out of the corner of his mouth, "shut up, you big fool, or we'll both lose our jobs!"

Well, that seems to be what has happened inside the Republican Party. The "me too" lions have been shut up by the "conservative" tigers. But it is our job, the job of the Democratic Party in the elections of 1946, to take the masks off both of them and show the people of this country just what the Republican leadership brings forth.

Urges Support of President

That brings me back to the theme I am trying to hammer home wherever I go among my fellow-Democrats. I say to you again:

It is our job to support our President and his policies. He has come out most courageously with a program of action to keep the promise we made America in our platform of 1944.

A vote for Roosevelt and Truman in that 1944 election was something more, as I see it, than a vote for personalities, for individuals to hold office. It was a vote for a whole program for America, and it was a personal pledge on the voters' part to see America through the crisis of war and peace, through the economic problems of a post-war era. It was your pledge and mine to do what we could, personally, individually, and as members of our party, to speed victory in war, to support a lasting peace, and to maintain jobs for our people.

Harry Truman has shouldered his part of this Democratic obligation. He has been keeping the promises of the platform on which he ran for office. He has worked hard. And from every part of the country, the word is spoken and reechoed—"well done!"

Under his administration great strides have been made towards the cooperative peace that Roosevelt had promised. And now, with a program to maintain jobs for American workers, he has started on the fulfillment of the third great pledge in the Democratic platform.

If we, the members of the Democratic Party, are to do all in our power to discharge our own responsibility, we must work hard to elect a Congress in 1946 that will share these hopes for America. With the exception of the Old Guard Republican bloc that I have been discussing, we have such a Congress now. That bloc is in the minority and we are going to keep it there.

But the Republican Party leadership itself has given us a tip-off which I think we ought to take very seriously. If the reactionaries have their way in the party—and there is now every reason to expect that they will—then the Republican candidates in the 1946 Congressional elections are pretty sure to be men of their own stamp.

This means that the consequences to America in a Democratic defeat would be doubly disastrous. In other words, if the Republican Party were allowe to capture control of Congres with the type of candidates nov favored by the Old Guard, ever move made from that time on b the Administration to protect th interest of the great majority o Americans against a favored fe would be relentlessly sabotage The nation would be swept bac into the economic chaos tha brought upon us the boom of th '20's and its tragic aftermath.

America does not want tha again. The people have four tim given expression, at the ball box, to the mandate for somethin better. The Democratic Part producing that something bette has four times been indorsed, fo times returned to power.

In going back to the same o stand after these repeated reje tions by the electorate, the rea tionary leaders of the Republica Party once more prove the old d scription that has been given of reactionaries: They never forg anything and they never lea anything.

The people of America d learn. In 1930, 1931 and 1932 th learned the costliest lesson of o peacetime history. But now, f teen years later, with our count victorious in war, hopeful of la ing peace, and with the depre sion far behind it, the bitt meaning of that fifteen-year- lesson must not be allowed fade.

New voters have come into t

electorate, voters who were so young in 1930 and 1931 that they did not bear the brunt of joblessness, helplessness and hopelessness which three Republican administrations had brought upon America.

If the Republican Party proposes to give us more of that kind of government, these young voters should know precisely what it means. They should be reminded of what it did to this country. They should be warned that what happened to their fathers and mothers in 1930 and 1931 can happen to them now. The fact that we have today a secure and prosperous nation, successfully weathering the two-edged crisis of war and peace, should not be taken by them as something that has come about automatically. It didn't just happen. And if it was good government that has brought it about in the course of those thirteen years, bad government could undo it within a single session of Congress.

That is something for all American voters, old and young, to think about. Our job is to keep them thinking, and when the time comes to express these thoughts at the ballot box a year from next November, to see that they go out and vote.

In a subsequent address in St. Louis, Mo. on Sept. 18, Mr. Hannegan stated that "consistent with good government in time of peace." there will be less Federal control than in war and now "it is a time of less regulation, less Government in business, lower Government expenditures, easement of taxes. It is a time to expand civilian markets and to create trade, profits and jobs in private industry."

He answered the charge that the President was "turning to the left" by saying that: "in tackling the nation's problems Harry Truman makes it a point to guide himself by the answer to only one question, and he is very particular about that one question. It is not, 'Am I going right or left?' but 'Am I going right or wrong?'

"We are a nation with a two-party system. What the one represents is not communism. What the other represents is not fascism. And to bandy charges of communism and fascism back and forth among sane and reasonable Americans is not only to speak in error; I believe it is worse than that, I believe it is being un-American."

Mr. Hannegan asserted that the present Administration will assist businessmen "to the limit in producing material goods, creating new jobs and making legitimate profits."

Dillon, Read Offers Pacific Gas Com. Stock

A nationwide group of investment bankers headed by Dillon, Read & Co., Inc., on Sept. 17 offered to the public 700,000 shares of Pacific Gas & Electric Co. common stock, $25 par value, at $40 per share. The stock was awarded to the syndicate at competitive bidding on a bid of $38.96 1/10 per share.

Constituting one of the largest public utility common stock offerings of recent years, this block of shares is a part of the 1,348,192 shares of Pacific Gas & Electric Co. owned by The North American Co. Sale of the shares by The North American Co. is in line with its program to dispose of its public utility investments in compliance with the Public Utility Holding Company Act of 1935.

SEC Decision on NASD By-Law Amendments

(Continued from page 1339)

The Commission contended itself with oral argument, letters and telegrams instead of legal and the best proof which should be by testimony, under oath, affording to adversaries the right of cross examination.

We believe that if no joint venture existed between the Commission and the NASD there would be little question about the granting of such an application.

The Commission agreed with the NASD's contention that there is need for registration of salesmen, traders, etc. Here again the proper method to have pursued would have been by taking testimony under oath to determine whether any factual basis exists for the alleged need.

The Commission answered claims of "pressure methods" in bringing out the vote, by saying it saw nothing improper in urging members to vote. The Commission said in effect that even though the member had been urged to vote, he could vote against the proposal and that members could use all their persuasive power within the Association and get others to vote negatively.

This we say is arrant nonsense. It evades the issue.

The hearing before the Commission disclosed that the Board of Governors of the NASD had the instant amendments under consideration for more than year before passing them. The NASD officials therefore were in a position to, and in fact did, prepare the ground work, as was evident from the letter of transmittal which accompanied the ballots, to create the erroneous impression that it was in the interest of the membership that they be adopted. On top of this, the Association officials had large funds and the necessary personnel at their disposal to further their objective.

Now consider the position of those who realized the import of the by-law changes after they took the trouble to analyze them. They were not conversant with the amendments until they arrived at their office one morning, as did all members, to find a copy of them on their desks, accompanied by the above-mentioned letter urging them to vote affirmatively. Those opposing the amendments had no opportunity for organizing opposition, and therefore the claim that they could "use all their persuasive power within the Association to get members to vote negatively" is a stupid, if not a wilful evasion of the facts.

An interference, too, with the voting by those in the Association having disciplinary power, either directly or on review, is coercive and constitutes duress, the SEC opinion notwithstanding.

If, as is claimed by the Commission, the members have the same right to use persuasive argument, at least the same opportunities should be given to the members. This is required by a spirit of fair play. Does the Commission contend that it is parity for the Board of Governors to have the matter under consideration for a period of considerably more than a year, and then after passing it en camera, give the members a short opportunity to vote?

If the NASD had given the members at least 90 days' notice, evidence of a developing opposition would become clear. Even then, it cannot honestly be said that the members would have the same opportunity to be persuasive as the Board had. The members themselves as such have no power to discipline and to impose penalties. The knowledge of the existence of that power in the Board and in its representatives through the Business Conduct Committees can be and is a much more persuasive element than all oral arguments.

The Board gave the member firms the rush act. The SEC did the same at the hearing.

Under the present setup, because the Commission has the power to suspend or revoke the registration of the NASD for certain specific causes, the latter must continue to be the supine and subservient agent of the former.

Here is a typical piece of SEC wisdom: "Salesmen who have been the cause of harm to investors because of their conduct, while employed by members, and who have been discharged upon discovery may, as a practical matter, be hired by other members and attempt to carry on the same practices in their new employment."

Has the Commission ever heard of a Bishop's, a Proudfoot's or other similar agency report? Does the Commission know that from such a report an employer before hiring a man can gain full knowledge of the reasons for his previous discharge?

What justification is there for the restraints placed upon employees, salesmen, traders, etc., who are merely associated with member firms.

Why must they register as a condition to working? Since when have the SEC and NASD acquired the right to impede employment?

One piece of Commission reasoning is truly ironic. It points out that the Amendment dealing with the subject of unreasonable profits, unreasonable commissions, and other charges, is already a part of the statutory law and is contained in Section 15-A (b) (7).

The Statute says in Subdivision (b): "An applicant Association shall not be registered as a National Securities Association unless it appears to the Commission that the rules of the Association are designed to * * *."

In other words, these provisions should have been considered at the time that the SEC had under advisement the approval of the NASD. At such time the authority cited was either overlooked or waived by the Commission.

Again we may ask if, as the Commission claims, such authority to control profits, commissions and other charges was already a part of the law, what need was there for submitting the question to a vote. The law as established by Congress needs neither SEC nor NASD approval.

Does membership in the NASD amount to a surrender of all one's constitutional rights? If it does, that's one thing; but can the NASD and the SEC compel such surrender on the part of employees of member firms? Can it exercise upon them the famous restraints, impediments and monopolistic practices that it now exercises upon member firms?

The following part of the opinion is significant:

> "These considerations do not, we believe, imply that NASD is without power to adopt a program of registering representatives. They do, however, underline what is otherwise implied in the nature of Associations intended by Congress—the necessity of assuring that the proposed program will not be operated oppressively against registered representatives. The direct statutory benefits of membership are not accorded to them, nor is full membership available to them. But they are, under pain of discontinuing in their livelihood, required to assume certain of the obligations of membership. Unless the program is fairly operated in respect of registered representatives, it will be subject to serious question under Section 15-A (b)."

In that paragraph alone is contained the statement demonstrating that both the NASD and the SEC are exercising powers in violation of the constitutional rights of proposed registrants.

Without attempting to do so the paragraph says that both of these organizations are exercising unlawful restraints.

The foundation upon which the Commission and the NASD rest is bad. The exercise of a trichotomy of powers, that of Judge, Jury and Prosecutor, prevents the achievement of just results.

Immediate investigation of the SEC and NASD by a Congressional Committee armed with subpoena powers would best serve the public interest. Searching light upon the interplay of both these organizations is an urgent necessity.

All this should be done with the ultimate view of abolishing the NASD.

We have repeatedly expressed grave doubts as to whether the NASD is a legally constituted body. This should be put to the test as early as may be.

During a period of world reorganization when the democratic pattern is so much in the public eye, the interoperation of the SEC and NASD and their behind-the-scene activities constitute a sad commentary on our own limited ability to give meaning to the American way of life.

E. V. Mayer Heads Pyne, Kendall Dept.

Pyne, Kendall & Hollister, 52 Wall Street, New York City, members of the New York Stock Exchange, have announced that Edward V. Mayer has been appointed manager of their research department. Mr. Mayer will specialize in field analyses of industrial companies as part of the firm's servicing of institutional clients. For the last seven years he has been doing field analyses for F. S. Moseley & Co., and has been manager of that firm's research and statistical department for the last three years. Prior to that he was engaged in investment trust work and before that was employed in an engineering capacity by several Detroit companies.

Business Man's Bookshelf

Effect of Federal Taxes on Growing Enterprises—J. Keith Butters and John Lintner—Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass.—paper—$3.00.

Farms for Veterans—Lowry Nelson—National Planning Association, 800 21st St., N. W., Washington 6, D. C.—paper—25¢.

Rebuilding the European Transportation System—Gustav Pollaczek—The American Labor Conference on International Affairs, 9 East 46th Street, New York 17, N. Y.—paper—$1.00.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, SEPT. 20

ALLIED CONTROL CO., INC., on Sept. 1 filed a registration statement for 100,000 shares of 55-cent cumulative preferred stock (par $8) and 20,000 shares of common (par $1).

Details—See issue of Sept. 6.

Offering—The securities are to be initially offered in units of one share of preferred and one-fifth share of common at a price per unit to be filed by amendment.

Underwriters—Ames, Emerich & Co., Inc., and Dempsey & Co. are named principal underwriters.

SUNDAY, SEPT. 23

CONSOLIDATED GROCERS CORP. on Sept. 9 filed a registration statement for $6,000,000 15-year sinking fund debentures, 40,000 shares cumulative preferred stock, par $100, and 100,000 shares of common, no par. The interest rate on bonds and dividend rate on preferred will be filed by amendment. Of the common stock registered, 50,000 shares are being sold by Nathan Cummings, President and the remaining securities by the company.

Details—See issue of Sept. 13.

Offering—The offering prices will be filed by amendment.

Underwriters—The underwriters include A. C. Allyn & Co., Inc.; H. M. Byllesby & Co., Inc.; Central Republic Co., Inc.; Paul H. Davis & Co.; W. C. Langley & Co.; Paine, Webber, Jackson & Curtis; E. H. Rollins & Sons, Inc.; First Cleveland Corp.; First Trust Co. of Lincoln; Stifel, Nicolaus & Co., Inc.; Ames, Emerich & Co., Inc.; Julien Collins & Co.; Dewar, Robertson & Pancoast; Rauscher, Pierce & Co., Inc.; Mason, Moran & Co., and Mason-Hagan, Inc.

MONDAY, SEPT. 24

PENNSYLVANIA - CENTRAL AIRLINES CORP. on Sept. 5 filed a registration statement for $10,000,000 15-year convertible income debentures due Sept. 1, 1960. The interest rate will be filed by amendment.

Details—See issue of Sept. 13.

Offering—The price to the public will be filed by amendment.

Underwriters—The underwriting group is headed by White, Weld & Co., and Carl M. Loeb, Rhoades & Co.

TUESDAY, SEPT. 25

MURRAY CORP. OF AMERICA on Sept. 6 filed a registration statement for 104,500 shares cumulative preferred stock, 4% series, $50 par.

Details—See issue of Sept. 13.

Offering—The company is offering the 104,500 shares of preferred to the holders of its common stock for subscription prior to Oct. 8, 1945, at $50 per share at the rate of 11 shares of preferred stock, for each 100 shares of common stock held of record Sept. 26. The underwriters have agreed to purchase any unsubscribed shares.

Underwriters—The underwriting group is headed by Harriman Ripley & Co., Inc., and Watling, Lerchen & Co.

GRAY DRUG STORES, INC. on Sept. 6 filed a registration statement for 20,000 shares of convertible preferred stock. The dividend rate will be filed by amendment. Company also registered 40,000 shares of common reserved for conversion of the preferred.

Details—See issue of Sept. 13.

Offering—Price to the public will be filed by amendment.

Underwriters—Merrill, Turben & Co., Cleveland, heads the underwriting group.

CROWN ZELLERBACH CORP. on Sept. 6 registered 353,103 shares of cumulative preferred stock and 176,552 shares of cumulative second preferred stock. The dividend rate on the stocks will be filed by amendment. Second preferred is convertible into common.

Details—See issue of Sept. 13.

Offering — Company will offer 353,103 shares of new first preferred and 176,552 shares of second preferred convertible stock to holders of the presently outstanding 529,655 shares of $5 preferred on the basis of ⅔ of a share of 1st preferred and ⅓ share of second preferred for each share now held. Shares of 1st and 2nd preferred not taken in exchange will be sold to underwriters.

Underwriters—Blyth & Co., Inc. principal underwriter.

THURSDAY, SEPT 27

SOUTHWESTERN BELL TELEPHONE CO. on Sept. 8 registered $75,000,000 40-year, 2¾% debentures, due October, 1985.

Details—See issue of Sept. 13.

Offering—Offering price to be filed by amendment.

Underwriters—To be sold at competitive bidding.

CINCINNATI GAS & ELECTRIC CO. on Sept. 8 registered $45,500,000 first mortgage bonds due 1975 and 280,000 shares of cumulative, $100 par, preferred stock.

Details—See issue of Sept. 13.

Offering—Offering price of bonds to be filed by amendment. The dividend and interest rate on preferred and bonds will be filed by amendment. Company will offer the 280,000 shares of new preferred stock in exchange to holders of the presently outstanding 400,000 shares of our preferred stock on a share for share basis. New preferred not taken in exchange will be sold to underwriters.

Underwriters—To be sold at competitive bidding.

SATURDAY, SEPT. 29

WILSON & CO., INC., on Sept. 10 filed a registration statement for 250,000 shares of cumulative preferred stock and on unspecified number of common shares.

Details—See issue of Sept. 13.

Offering—250,000 shares of the new cumulative preferred stock will be offered to holders of the presently outstanding 274,085 shares of $6 cumulative preferred stock on a share-for-share basis, and the company will also offer an unspecified number of common shares to holders of 50,000 shares of the old $6 cumulative preferred stock on the basis of an unspecified number of common shares for each share of preferred. The company provides that if more than 24,085 shares of old preferred are offered in exchange for the common, the number of new preferred shares offered in exchange for the old preferred will be correspondingly reduced. The exchange offer will expire on Oct. 10, 1945 and the balance of preferred not taken in exchange and still exchangeable for preferred stock will be sold to the underwriters.

Underwriters—Smith, Barney & Co. and Glore, Forgan & Co. named principal underwriters.

F. L. JACOBS CO., on Sept. 10 filed a registration statement for 60,000 shares of 5% cumulative convertible preferred stock, par $50.

Details—See issue of Sept. 13.

Offering—Price to public to be filed by amendment.

Underwriters—H. M. Byllesby & Co., Inc., and E. W. Clucas & Ca. head underwriting group.

MILLER MANUFACTURING CO. on Sept. 10 registered $600,000, 5% sinking fund debentures, dated Dec. 1, 1945 and maturing serially from 1952 to 1970.

Details—See issue of Sept. 13.

Offering—100% plus interest as to $288,000 of debentures maturing 1952 to 1960, inclusive; 99¾% as to $160,000 maturing 1961 to 1965 inclusive, and 99½% as to $152,000 maturjng 1966 to 1970 inclusive.

Underwriters—P. W. Brooks & Co., Inc.

SUNDAY, SEPT. 30

MOORE-McCORMACK LINES, INC., on Sept. 11 registered 100,000 shares of $10 par common stock.

Details—See issue of Sept. 13.

Offering—Offering price to be supplied by amendment.

Underwriters—Kuhn, Loeb & Co. principal underwriters.

HAWAIIAN ELECTRIC CO., LTD. has registered $5,000,000 first mortgage, Series E bonds due Oct. 1, 1970 and 150,000 shares of Series C, cumulative preferred stock. The interest rate on the bonds and preferred stock will be filed by amendment.

Address—900 Richards Street, Honolulu, Hawaii.

Business—Electric company.

Offering—Offering price of bonds and preferred stock will be supplied by amendment. The Series C cumulative preferred stock will be offered for sale to common stockholders on the basis of one full share of preferred for each 2⅓ shares of common stock held on record date of Sept. 29, 1945.

Proceeds—The proceeds will be used to pay off $3,000,000, 1½% promissory note obtained to retire on Sept. 1, 1945 $3,000,000 first mortgage bonds, Series B, 4% due Sept. 1, 1970, by paying redemption premium of $150,000; to pay $1,800,000 first mortgage bonds, Series A, 4% due Dec. 1, 1958 to be redeemed on Dec. 1, 1945, and to pay or reimburse the company for a portion of the expenditures for additions, improvements and properties included in company's $9,917,730 construction program. Company states approximately $4,200,000 additional securities will be issued to complete this construction program.

Underwriters—Dillon, Read & Co., Inc. and Dean Witter & Co. will each underwrite one-half of the issues.

Registration Statement No. 2-5906. Form S-1. (9-11-45).

MONDAY, OCT. 1

CONNECTICUT LIGHT AND POWER CO. has registered $15,000,000 first and refunding mortgage 3% bonds, series K, due 1980.

Address—36 Pearl Street, Hartford 1, Conn.

Business—Public utility.

Offering—Offering price to be filed by amendment.

Proceeds—Net proceeds will be applied toward the redemption on Dec. 1, 1945, at 107, of $15,000,000 first and refunding mortgage 3¼% bonds series H, due Dec. 1, 1968.

Underwriters—Putnam & Co. and Chas. W. Scranton & Co. named underwriters.

Registration Statement No. 2-5907. Form S-1. (9-12-45).

RAYTHEON MANUFACTURING CO. has registered 100,000 shares of $2.40 cumulative preferred stock.

Address — 55 Chapel Street, Newton, Mass.

Business—Radio tube manufacturer.

Offering—Offering price to be supplied by amendment.

Proceeds—Application of proceeds to be supplied by amendment.

Underwriters—Reynolds & Co. named underwriter.

Registration Statement No. 2-5908. Form S-1. (9-12-45).

TUESDAY, OCT. 2

WARNER CO. has registered 137,592 shares of common stock, par $1.

Address—219 North Broad St., Philadelphia 7, Pa.

Business—Ready mix concrete and sand and gravel.

Offering—The shares of common will be offered in exchange to holders of company's presently outstanding 22,932 shares of 7% first preferred stock on the basis of six shares of common for each share of 7% cumulative preferred stock and accumulated and unpaid dividends thereon.

Proceeds—Stock not taken by 1st preferred stockholders will be taken by underwriters and proceeds used to retire remaining unexchanged shares of 1st preferred stock.

Underwriters—Hemphill, Noyes & Co. is named principal underwriter.

Registration Statement No. 2-5909. Form S-1. (9-13-45).

AMERICAN COLORTYPE CO. has registered 39,221 shares of 4½% cumulative convertible preferred stock (par $50).

Address—9 Brighton Road, Clifton, N. J.

Business—Color printing company.

Offering—The company is offering to holders of common stock rights to subscribe at $50 per share for the 39,221 shares of 4½% cumulative preferred stock at rate of one share of preferred for each four shares of common stock held. Preferred shares not taken by common stockholders are to be offered to holders of company's 5% preferred stock in exchange for their present holdings on the basis of 2 1-10th shares of 4½% preferred stock plus $5 in cash for each share of 5% preferred presented for exchange.

Proceeds—Net proceeds from preferred sold to common stockholders will be used to redeem remainder of 5% preferred stock and the remaining proceeds estimated at $1,040,000 will be added to general corporate funds.

Underwriters—White, Weld & Co. named principal underwriters.

Registered Statement No. 2-5910. Form S-1. (9-13-45).

WEDNESDAY, OCT. 3

INDUSTRIA ELECTRICA DE MEXICO has registered 197,500 American shares with par value of approximately $20 or 100 pesos.

Address—For America: Hardin, Hess & Eder, 74 Trinity Place, New York 6, N. Y.

Business—Purpose is to establish an electrical goods manufacturing business Mexico under Westinghouse licenses and to distribute Westinghouse products.

Offering—Offering price will be supplied by amendment.

Proceeds—Part of initial financing.

Underwriters — Underwriters headed by Kuhn, Loeb & Co., include A. G. Becker & Co., Inc., Blyth & Co., Inc., Glore, Forgan & Co., Harriman Ripley & Co., Inc., Lee Higginson Corp., Lehman Brothers, Merrill Lynch, Pierce, Fenner & Beane, Smith, Barney & Co., Union Securities Corp., and White, Weld & Co.

Registration Statement No. 2-5911. Form C-3. (9-14-45).

DEVOE & RAYNOLDS CO., INC., has registered 40,437 shares of Class A stock (no par).

Address—787 1st Avenue, New York 17, N. Y.

Business—Paint and varnish manufacturer.

Offering—35,827 shares of new class A stock will be offered for subscription to holders of presently outstanding class A and class B stock, at offering price to be filed by amendment, on the basis of one share of new class A for each 4 shares of class A held and one share of new class A for each 20 shares of class B held. Shares not taken by present shareholders and the remainder not offered present shareholders will be sold to public.

Proceeds—The proceeds will be used to reimburse the company for funds expanded in the recent acquisition of Beckwith-Chandler Co. and Truscon Laboratories, Inc., and the balance will be added to working capital. Following the issue and sale of the registered class A stock, the company reports it will split-up the class A stock on the basis of 2½ shares for one with new stock having $12.50 par value. Company also reported it proposed to issue $3,500,000 in debentures.

Underwriters — Shields & Co. named principal underwriter.

Registration Statement No. 2-5912. Form S-1. (9-14-45).

THE ADAMS EXPRESS CO. has registered a maximum of 450,000 shares of common stock (par $1), certificates of deposit for a maximum of 601,100 shares of common stock of American International Corp.

Address—40 Wall Street, New York 5, N. Y.

Business—Express forwarding business.

Offering—Adams Express Co. which now owns 398,900 (39.8%) of the outstanding stock of American International Corp. will offer holders of the remaining 601,100 shares of common stock outstanding of American International on the basis of the relative net asset values of the two companies as of Oct. 31, unless the exchange offer shall be extended for 30 days in which case the relative net asset values of the two companies as of Nov. 30 will be used. The initial exchange offer will not become effective unless a minimum of 301,100 shares of American are tendered. On the basis of the relative net asset values of the two companies as of Aug. 31, 1945 each share of American would have been exchangeable for 0.71 of a share of Adams.

Underwriters—None.

Registration Statement No. 2-5913. Form S-4. (9-14-45).

SATURDAY, OCT. 6

NASHUA MANUFACTURING CO. has registered an unspecified number of common shares without par value.

Address—48 Franklin Street, Boston, Mass.

Business—Manufacturer of textiles.

Offering—The offering price will be supplied by amendment. Company will offer present common holders right to subscribe to new common on basis of ½ share of common for each share held. Company would have to utilize 31,001½ shares of common to make this offer.

Proceeds—Proceeds will be utilized to pay off bank loan incurred for retirement of first preferred stock on Oct. 1, 1945.

Underwriters—J. Arthur Warner & Co. named principal underwriter.

Registration Statement No. 2-5914. Form S-2. (9-17-45).

CHASE CANDY CO. has registered 50,000 shares ($1 par) common stock.

Address—400-402 South Fifth Street, St. Joseph 1, Missouri.

Business—Candy manufacturer.

Offering—Stock to be offered to public at $8 per share.

Proceeds—$50,000 of proceeds will be credited to stated capital in accordance with underwriting agreement, the balance of proceeds remaining together with proceeds from sale of $450,000, 4% debenture serial debentures to F. S. Yantis & Co., Inc., will be used to retire 5-year 4½% promissory installment note issued to F. S. Yantis & Co., Inc. which was outstanding in the amount of $765,000 on Aug. 31, 1945, and the balance will be added to working capital.

Underwriters—Herrick, Waddell & Co., Inc. named principal underwriter.

Registration Statement No. 2-5916. Form S-1. (9-17-45).

GEORGE W. BORG CORP. has registered 150,000 shares of capital stock (par $1).

Address—902 Wisconsin Street, Delavan, Wisconsin.

Business—Electric and electronic devices and knitted wear.

Offering—Offering price to be filed by amendment.

Proceeds—No proceeds to corporation. Entire proceeds to Mr. George W. Borg who is selling stock.

Underwriters—Paul H. Davis & Co. named principal underwriter.

Registration Statement No. 2-5917. Form S-2. (9-17-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ADAM HAT STORES, INC., on Aug 29 filed a registration statement for 150,000 shares of common stock, par $1, of which 100,000 shares are to be offered for sale for cash and 50,000 shares reserved for issuance upon the exercise of stock option warrants. Of the stock to be offered, 95,000 shares are being sold by Elias Lustig, President, and 5,000 shares by Harold E. Lustig, Vice-President and Treasurer. The statement also covers 50,000 warrants of which 25,000 are being sold to certain officers and employees of the company and 25,000 to underwriters.

Details—See issue of Sept. 6.

Offering—The price to the public is $8.50 per share.

Underwriters—The underwriting group is headed by Van Alstyne, Noel & Co.

AMERICAN CENTRAL MANUFACTURING CORP. on Aug. 24 filed a registration statement for 142,154 shares of common stock, par $1.

Details—See issue of Aug. 24.

Offering—The company is offering the new stock for subscription by its common stockholders on the basis of one additional share for each 2½ shares held. The subscription price will be filed by amendment. Of the total, 85,304 shares will be offered to Aviation Corp., as stockholder, and 56,850 shares will be offered to other stockholders. Any shares not subscribed by other stockholders will be purchased by Aviation Corp.

Underwriters—None named.

AMERICAN TELEPHONE & TELEGRAPH CO. on Aug. 27 filed a registration statement for $160,000,000 30-year 2¾% debentures, due Oct. 1, 1975.

Details—See issue of Aug. 30.

Offering—The price to the public will be filed by amendment.

Underwriters—The debentures will be offered for sale at competitive bidding.

Bids Invited—Bids are to be received before 11:30 a.m. on Sept. 24, 1945, at company's office, 195 Broadway, New York, N. Y.

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1, and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

ARDEN FARMS CO. on Aug. 31 filed a registration statement for 50,000 shares of $3 cumulative and participating preferred stock, without par value.

Details—See issue of Sept. 6.

Offering—The company has granted holders of its preferred stock rights to subscribe to the new preferred at the rate of one share for each 2½ shares held. The subscription price will be filed by amendment. Unsubscribed shares shall be sold at such price as fixed by the board of directors.

Underwriters—To be filed by amendment.

ARMSTRONG CORK CO. on Aug. 2 filed a registration statement for 161,52 shares of $3.75 cumulative preferred stoc (no par).

Details—See issue of Aug. 30.

Offering—The company is offering 108,528 shares to holders of common stock o record Sept. 13, 1945, in the ratio of on share for each 13 shares of common hel at $102.75 per share. Rights expire Sept 25. The company also is offering 52,99 shares to holders of its 4% cumulativ convertible preferred stock in exchang on a share for share basis. The exchang offer will expire Sept. 25. The underwriters will offer any unsubscribed o unexchanged shares at a price to be filed by amendment.

Underwriters — The underwriters are Smith, Barney & Co.; Kidder, Peabody & Co.; Mellon Securities Corp.; Blyth & Co., Inc.; E. W. Clark & Co.; Dillon, Read & Co., Inc.; Drexel & Co.; Eastman, Dillon & Co.; First Boston Corp.; Goldman, Sachs & Co.; Graham, Parsons & Co.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers; Moore, Leonard & Lynch; Morgan Stanley & Co.; Reynolds & Co.; Singer, Deane & Scribner; Stone & Webster and Blodget, Inc.; Stroud & Co., Inc., and Union Securities Corp.

BENSON HOTEL CORP. on Aug. 22 filed a registration statement for $440,000 first refunding mortgage serial and sinking fund bonds series A dated July 2, 1945, due serially Jan. 1, 1946 to July 1, 1957.

Details—See issue of Aug. 30.

Offering — The offering price to the public will be as follows: $75,000 of 3s at 100.50, $84,000 of 3¼s at 100.75 and $281,000 of 3½s at 101.

Underwriters—B. C. Ziegler & Co., West Bend, Wis., is named underwriter.

BROCKWAY GLASS CO., INC., on Aug. 8 filed a registration statement for 10,000 shares of 5% cumulative preferred stock, par $50.

Details—See issue of Aug. 16.

Offering—The price to the public is $50 per share. The company will offer the securities to the residents of the City of Muskogee, Okla., and others who are interested in the establishment of a glass plant by the company at Muskogee, as well as to persons living in the vicinity of Brockway, Pa.

Underwriters — There are no underwriters.

BROOKLYN BOROUGH GAS CO. July 11 filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Details—See issue of July 19.

Offering—Price to public to be filed by amendment.

Underwriters—To be filed by amendment.

BURRILLVILLE RACING ASSOCIATION on Aug. 28 filed a registration statement for $1,000,000 6% 20-year debentures due Sept. 1, 1965, and 10,000 shares class A stock (no par).

Details—See issue of Sept. 6.

Offering—The public offering price for a unit consisting of $500 of debentures and five shares of stock is $500 with the underwriter receiving a commission of $25

Underwriters—Barrett & Co., Providence, R. I., underwriters.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters —Kidder, Peabody & Co and First Boston Corp. are named principal underwriters.

CONTAINER ENGINEERING CO. on Jun 15 filed a registration statement for 25,00 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given a $35 per share.

Underwriters—William L. Ullrich, S Louis, will manage the sale of the entir issue.

COVENTRY GOLD MINES, LTD. on Apr 21 filed a registration statement for 333,33 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cen per share.

Underwriters—None named. The company proposes to market its own securitie

EVERSHARP, INC., on July 9 filed registration statement for 32,500 shares common stock, par $1. Shares are issu and outstanding and are being sold f the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public w be filed by amendment.

Underwriters—Lehman Brothers hea the underwriting group.

FRONTIER REFINING CO. on Aug. 25 filed a registration statement for $400,000 5% sinking fund debentures, due Sept. 1, 1950.

Details—See issue of Aug. 30.

Offering—Price to the public will be 100.50.

Underwriters—Boettcher & Co., Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co.

GENERAL FINANCE CORP. on Aug. 29 filed a registration statement for $2,000,000 15-year 3¾% debentures, due Aug. 1, 1960.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Paine, Webber, Jackson & Curtis, principal underwriters.

INDIANA GAS & WATER CO. on Aug. 17 filed a registration statement for $6,000,000 first mortgage bonds due 1970. The bonds were sold at competitive bidding Sept. 17.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Bonds Awarded—Issue awarded Sept. 17 to First Boston Corp. on bid of 101.489 for a 3⅛% coupon.

INTERNATIONAL RESISTANCE CO. on Aug. 31 filed a registration statement for 175,000 shares of 6% cumulative convertible preferred (par $5) and 525,000 shares of common (par 10 cents), of which 350,000 are to be reserved for conversion of the preferred stock.

Details—See issue of Sept. 6.

Offering—The stock will be offered in units consisting of one share of preferred and one share of common stock for $5 per unit.

Underwriters—The principal underwriters are Newburger & Hano, and Kobbe, Gearhart & Co., Inc.

JEFFERSON LAKE SULPHUR CO., INC., on Aug. 9 filed a registration statement for 167,000 shares of common stock, $1 par.

Details—See issue of Aug. 29.

Offering—The company is offering to the holders of its common stock of record on Sept. 3, 1945, the right to subscribe at $9.75 per share for additional shares on the basis of seven-tenths of one share for each share held. Subject to the prior rights of holders of subscription warrants, officers of the corporation, who are not directors, and employees will be entitled to subscribe to 21,287 shares at $9.75 per share.

Underwriters—D'Antoni & Co., New Orleans, is the principal underwriter.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and 4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MEMPHIS STREET RAILWAY CO. on Aug. 29 filed a registration statement for $3,500,000 first mortgage serial bonds. The bonds are to be offered for sale at competitive bidding.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Names will be filed by amendment.

Bids Invited—Bids will be received by the company at Room A, Central Hanover Bank & Trust Co., 60 Broadway, New York, up to 12 o'clock EWT, Sept. 24, the interest rate to be specified in the bid.

MONTANA-DAKOTA UTILITIES CO. on July 25 filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc.

MORRIS PLAN CORP. OF AMERICA on Aug. 24 filed a registration statement for 937,500 shares of common stock, par value 10 cents.

Details—See issue of Aug. 30.

Offering—The company on Aug. 21, 1945, received $7,500,000 in cash from American General Corp. as the purchase price of the 937,500 shares covered by the prospectus. The 937,500 shares are offered by American General pursuant to agreements with Morris Plan Corporation for sale at $8 per share or for exchange under certain conditions. Under offer one the holders of common stock of Morris Plan Corporation, other than Industrial Finance Corp., will be entitled to purchase 1.60 shares of common for each share of new common stock held. The holders of 7% preferred of Industrial will be entitled to purchase 18.5 shares for each share held and the holders of common of Industrial will be entitled to purchase 0.40 shares for each share held. In the event that 7% preferred and common stockholders of Industrial do not elect to purchase the entire number of shares covered by the offer they will be entitled to exchange their shares on the following basis: for each share of 7% preferred of Industrial 12.50 shares of common of Morris Plan, and for each four shares of Industrial common one share of Morris Plan. A plan announced last month provided that Morris Plan would provide the stock to be sold by changing the authorized number of shares of old common from 200,000, par $5, to 3,500,000, par 10 cents each, and to issue four shares of new common for each share of old common outstanding so that as a result 591,165 shares of new common would be outstanding.

Underwriters—American General Corp. is named underwriter.

NOMA ELECTRIC CORP. on July 26 filed a registration statement for 247,361 shares of common stock, par $1.

Details—See issue of Aug. 2.

Underwriters—None.

Offering—Company is offering its common stock to stockholders of Triumph Industries, Inc., on the basis of two shares of Triumph common, $2 par, for one share of Noma. Ansonia Electrical Co., a wholly-owned subsidiary of Noma, owns 200,000 shares of the common stock of Triumph. The offer of Noma is conditioned upon the acceptance of the offer by the holders of at least 80% of the stock of Triumph within the time period designated. The result of the exchange offer, when effective, will be to convert Triumph into a controlled subsidiary of Noma as of July 31, 1945.

PENNSYLVANIA POWER & LIGHT CO. on Aug. 20 filed a registration statement for $93,000,000 first mortgage bonds due Oct. 1, 1975, and $27,000,000 sinking fund debentures due Oct. 1, 1965.

Details—See issue of Aug. 30.

Offering—The price to the public will be filed by amendment.

Underwriters—The bonds are to be sold at competitive bidding, with the interest rate named by the successful bidder. Names of the underwriters will be filed by amendment.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company is offering the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PUBLIC SERVICE CO. OF INDIANA, INC., on Aug. 23 filed a registration statement for $48,000,000 first mortgage bonds, series F, due Sept. 1, 1975, and 150,000 shares of cumulative preferred stock (par $100). The bonds and stock will be sold at competitive bidding, with the successful bidder naming the interest and dividend rates.

Details—See issue of Aug. 30.

Offering—The price to the public of the bonds and preferred stock will be filed by amendment.

Underwriters—The names of underwriters will be filed by amendment.

Bids Invited—Proposals to purchase the bonds and preferred issue will be received at company's office, 11 So. La Salle St., Chicago up to 12 noon CWT Sept. 19, the successful bidders to specify the coupon and dividend rates.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

Stop Order Hearings—Hearing set for Sept. 10 to determine whether a stop order should be issued suspending effectiveness of registration statement.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series ranges from 99 to 102. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

SUN-KRAFT, INC. on August 8 filed a registration statement for 100,000 shares of 30-cent cumulative convertible preferred stock and 200,000 shares of common reserved for conversion of the preferred.

Details—See issue of Aug 16.

Offering—The price to the public is $5 per share. In addition to the 90,000 shares which are to be offered to the public, 10,000 shares of the preferred are to be issued by the company to the estate of Eben D. Norton in exchange for 100,000 shares of common stock owned by the estate. These 100,000 shares of common are to be retired and cancelled.

Underwriters—Floyd D. Cerf Co. is named principal underwriter.

THRIFTY DRUG STORES CO., INC. on Aug. 28 filed a registration statement for 25,000 shares of 4½% cumulative preferred, series A ($100 par), and 150,000 shares of common (par $1). Of the total, 16,259 shares of the preferred will be sold by the company and the remaining 8,741 shares of preferred and the 150,000 shares of common will be sold by certain stockholders.

Details—See issue of Sept. 6.

Offering—The price to the public will be filed by amendment.

Underwriters—Eastman, Dillon & Co., underwriters.

VALLEY OSAGE OIL CO. on Aug. 13 filed a registration statement for 143,659 shares of class A stock. Of the shares registered 113,468 are being sold by the registrant and 30,191 shares are issued and outstanding and are being sold on behalf of the Thomas Gilcrease Foundation.

Details—See issue of Aug. 16.

Offering—The price to the public is $12.50 per share.

Underwriters—The underwriter is Gilcrease Oil Co. of Texas, 165 Broadway, New York, N. Y.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co., New York.

Broker-Dealer Recommendations

(Continued from page 1343)

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

National Terminals Corporation—circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors** and **American Service Co.**

New England Lime Co.—Circular—Dayton Haigney & Company, 75 Federal Street, Boston 10, Mass.

Old Ben Coal — Descriptive data—Scherck, Richter Company, Landreth Building, St. Louis 2, Mo.

Pollak Manufacturing—analysis—Raymond & Co., 148 State Street, Boston 9, Mass.

Also available is a study of **Baltimore & Ohio.**

H. K. Porter Company—analysis—Sills, Minton & Company, Inc., 209 South La Salle Street, Chicago 4, Ill.

Also available are statistical memoranda on **Liberty Loan Corporation**, and **Serrick Corporation.**

Public National Bank & Trust Company—Analysis—for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation**, 350 Fifth Avenue, New York 1 N. Y.

Sheraton Corporation vs **General Realty Corporation**—Descriptive circular—du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass.

Simplex Paper Corp.—report—White, Noble & Co., Michigan Trust Building, Grand Rapids 2, Mich.

Southeastern Corp.—special analysis—Allen & Company, 30 Broad Street, New York 4, N. Y.

Sterling Engine — Descriptive circular—**C. E. de Willers & Co.**, 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.**

United Printers & Publishers—Memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Also available are memoranda on **National Paper & Type** and **Eastern Corporation.**

Wellman Engineering—descriptive memorandum — Wm. J. Mericka & Co., Union Commerce Building, Cleveland 14, Ohio.

Weyerhaeuser Timber Company—appraisal of the situation—Amott, Baker & Co., Inc., 150 Broadway, New York 7, N. Y.

The Steel Wage Controversy

(Continued from page 1341)

possible. Industry cannot employ, much less expand employment, except as it is permitted to earn a fair return.

"United States Steel has on many occasions declared in favor of high wages, and wages today are certainly far from low in the steel industry. The average steel worker with an average hourly rate ranging about $1.15 per hour, without any consideration of overtime, will take home $9.20 for an eight hour day. Considering overtime, which in the steel industry is still very much in the picture, the average hourly rate is about $1.30 an hour. When you consider that two out of every three steel workers make more than $1.00 an hour at present rates, without overtime, it ought to be clear that steel wages are not low.

"The wage dollars which go into pay envelopes do not grow on trees. They come from the people who buy steel products. The man who buys a washing machine, refrigerator, automobile, house, farm implements and a host of other things, will have to pay any steel workers wage increase through increased prices for steel.

"Wages in steel have been raised many times in the past. I hope conditions are such that wages can be raised in the future. The answer is greater productivity. If we, the steelworkers and management can produce more, this greater productivity and efficiency will show an over-all result which will enable us to pay higher wages, and we will be glad to do so. When we do, the steel workers will receive dollars which will buy more, not less, of the things the steel worker wants.

"Cost and prices vary among steel products but I am convinced that on the average there has been a net change since 1940 of at least $7.00 or $8.00 per ton to the disadvantage of the steel producer. During the war period, some steel companies were able to stand these increased costs because of war products which they made. But the war is over. Anyone should be able to see what is bound to happen; any business man or head of a family can understand very quickly that you cannot go on paying out more money than is taken in. It is just as simple as that.

"On top of this $7.00 or $8.00 penalty already incurred, the Union wants wage increases which will raise the cost of producing steel at least $6.00 a ton on the average. Furthermore, the Union wants the steel industry to absorb this additional cost, along with all other increased costs since 1940, without raising prices.

"We cannot today think in terms of more wage increases in steel, except in terms of material price increases. That is, we can't if we are to stay in business, because staying in business means staying out of the red. The matter accordingly is distinctly a question of government policy. If that government policy involves wage increases, it must also involve the responsibility for the necessary increase in prices. I am speaking,

(Continued on page 1368)

DIVIDEND NOTICES

The Chesapeake and Ohio Railway Co.

A dividend for the third quarter of 1945 of seventy-five cents per share on $25 par common stock will be paid October 1, 1945, to stockholders of record at close of business September 7, 1945. Transfer books will not close.

H. F. LOHMEYER, *Secretary*

Exide
BATTERIES

THE ELECTRIC STORAGE BATTERY COMPANY

180th Consecutive Quarterly Dividend

The Directors have declared from the Accumulated Surplus of the Company a dividend of fifty cents ($.50) per share on the Common Stock, payable September 29, 1945, to stockholders of record at the close of business on September 17, 1945. Checks will be mailed.

H. C. ALLAN,
Secretary and Treasurer

Philadelphia 32, September 7, 1945

PACIFIC GAS AND ELECTRIC CO.

DIVIDEND NOTICE

Common Stock Dividend No. 119

A cash dividend declared by the Board of Directors on September 12, 1945, for the third quarter of the year 1945, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on October 15, 1945, to shareholders of record at the close of business on September 28, 1945. The Transfer Books will not be closed.

E. J. BECKETT, *Treasurer*

San Francisco, California

Universal Pictures Company, Inc.

UNIVERSAL PICTURES

DIVIDEND

The Board of Directors has declared a quarterly dividend of 50c per share on the outstanding stock of the Company, payable October 31, 1945 to stockholders of record at the close of business on October 15, 1945.

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared a dividend of 50c per share on the Common Stock of the Company, payable October 1, 1945 to Stockholders of Record at the close of business September 18, 1945. The stock record books will be closed for the purpose of transfer of Common Stock at the close of business September 18, 1945 until October 1, 1945.

ROBERT B. BROWN, Treasurer.

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

September 14, 1945.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding payable on and after October 1, 1945 to the stockholders of record on the corporation's books at the close of business September 20, 1945.

JOSEPH N. SEIFERT, Secretary.

UNITED SHOE MACHINERY CORPORATION

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable October 5, 1945, to stockholders of record at the close of business September 18, 1945.

WALLACE M. KEMP, Treasurer.

The Western Union Telegraph Co.

DIVIDEND NO. 274

A dividend of 50 cents a share on the Class A stock of this company has been declared, payable October 15, 1945, to stockholders of record at the close of business on September 21, 1945.

G. K. HUNTINGTON, Treasurer.

September 11, 1945

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The Steel Wage Controversy

(Continued from page 1367)

of course, of increases in wages which do not flow from generally improved methods of manufacturing.

"There is no sense in shadow boxing about this matter. Recent Executive Orders provide that wages cannot be raised voluntarily if the increased cost would result in a price increase. Can collective bargaining have any meaning when the outcome depends on the national policy adopted and necessarily affects every person in the country? To hold out through extended bargaining any hope to employees and to the public that this important wage issue can be settled between the Union and ourselves under existing Government controls would not be honest."

Statement by Murray

Mr. Murray's statement, issued from the headquarters of the CIO in Washington on Sept. 17, was accompanied by a publication entitled "Five Years of War Profits," a study prepared by the steel workers union's research department, which countered the claims of Mr. Fairless.

"Never before have the steel companies been so rich," Mr. Murray's statement began. "For five years of war production the steel industry has charged the American people over two billion dollars in open and concealed profits. About one billion of these war profits have been kept by the industry—added to its total financial resources, while other millions have been concealed. 765 million additional dollars—more than three-quarters of a billion—have been paid out to stockholders.

"Contrast this with the financial position of America's 475,000 steelworkers. In five years of war work, they have accumulated only a total of $285 million in savings, or $600 a worker."

Summarizing the study of steel profits, the Steelworkers report declared:

"Profits before taxes during the five war years, 1940 through 1944, rose 276% over the peacetime level of 1935-1939, from $933 million to over three and one-half billion.

"Profits after taxes rose 113% from $576 million to one billion and 225 million.

"Total assets rose 22%, from $4.86 billion at the beginning of 1940 to almost six billion by the first of 1945.

"Dividend payments rose 82%, from $419 million to $765 million.

"Net current assets (working capital) between January, 1940 and January, 1945, rose 68%, from $1.2 billion to two billion.

"General reserves rose 283% from $103 million at the start of 1940 to $395 million by the first of 1945.

"Undistributed profits rose 81%, from $585 million at the start of 1940 to one billion dollars five war years later.

"Total financial resources (excluding statutory and potential tax refunds) rose 131% in five war years, from $689 million to $1.6 billion.

"Funded debt decreased 28%, from $903 million to $652 million.

"The excess of net current assets over funded debt in five war years rose 353%, from $308 million to one billion and 383 million.

"The industry earned over two billion dollars in open and concealed profits in the five war years.

"Open profits acknowledged in 1944 were $190,366,000, and concealed profits in 1944 were $271,165,000, making a total of $407,531,000, in actual profits after the payment of all taxes.

"Tax refunds amounting to $149 million, or 29% more than peacetime profits can be collected by the steel industry in 1946 if it breaks even.

"1945 profits continued high. As this study goes to the printer the steel companies report greater profits in the first half of 1945 as compared to the first six months of last year. These reported profits are (1) after all taxes and (2) do not reflect concealed earnings which, as revealed in this study, are important in steel as compared to acknowledged profits."

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Dollar Diplomacy

Merryle S. Rukeyser Warns Against Visionary International Monetary Schemes and Miracle Delusions Based Upon "Breathers" Represented By Subsidies, Gifts and Manipulative Schemes.

Merryle S. Rukeyser

Merryle Stanley Rukeyser, economic commentator for International News Service, in an address before the New York Society of Security Analysts, on Sept. 13 warned against a tendency to delay postwar economic readjustments through visionary schemes for international monetary manipulation.

Talking on the topic of "Dollar Diplomacy—1945 Style" Mr. Rukeyser recalled that between the two wars a similar illusion concerning the power of money misled the world. Instead of solving problems of balancing trade and putting national financial houses in order, the world in 1924 turned to the miracle of the Dawes Plan, which temporarily provided purchasing power at the expense of the American investor. By 1929, this manna from on high, he said, ran out, and the international maladjustments and disparities became more unmanageable than before.

Referring to the current Keynes Mission to Ottawa and Washington, Mr. Rukeyser, who is author of "Financial Security in a Changing World," said that the layman should not be confused by Lord Keynes' ingenious use of seductive theoretical language.

Mr. Rukeyser added, that, with a need for a multitude of imports during the years of physical reconstruction, when no exportable surplus is in sight, Britain, which already is confronted by $15 billion of frozen sterling claims, wants to make arrangements to buy on the cuff. The problem should be sympathetically discussed on this platform of candor, and should not be beclouded by specious talk in high sounding theoretical language about an international equilibrium and managing the currency.

"Certainly, in light of world political conditions and prospects, a solvent Britain would be desirable. The practical goal should be to think the subject through, and draw up a blueprint and bill of materials for British solvency, and not merely postpone inevitable consequences through a 'breather' based on subsidies, gifts, and manipulative schemes."

Mr. Rukeyser further said that world opinion was deluded by the myth of a coming export bonanza. The economist said that, while economic trade among nations was greatly to be desired, forced shipments would in the long run only tend toward instability.

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The Financial Situation

For a year or more past a number of economists and prognosticators have been in the habit of whiling away their time making estimates of the size of the post-war Federal budget. Most of these soothsayers have come up with estimates of annual expenditures ranging from $20 to $30 billion. The public has been told repeatedly that service of the national debt after this war would cost more than what not many years ago would have been thought quite extravagant as a total of Federal expenditures. Nor have taxpayers been permitted to forget that we shall have millions of veterans, many of whom are partially or wholly disabled, to take care of in the years ahead.

It would have been obvious, however, even if nothing was said of it, that the most modest of the post-war budgetary estimates or forecasts included large sums representing outlays for many types of things which a decade or two ago would never for a moment have been seriously considered as having a place in any plans or programs of the Federal Government. These were explained or defended, where the forecaster felt under the necessity of explanation or defense, on the ground that this is a "new world" in which we live, and that when the war is over it will be still a "newer world"—as if profligacy could be so easily sanctified.

Post-War Plans

During the past two or three months, it being evident that the end of the war was not very far away, many of the post-war planners have been well occupied, and the President himself has recently come forward with a sort of an over-all or master plan for the post-war years—in which a definite and studied effort to be, financially speaking, all things unto all men is evident. Now, it becomes apparent to those who take the trouble to think of these matters that

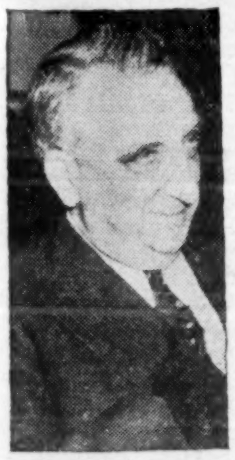
(Continued on page 1372)

Full Employment Bill Not Enough

By HON. FRED M. VINSON*

Secretary of the Treasury

Mr. Vinson Contends It Cannot Be the Responsibility of Businessmen Alone to Prevent Unemployment, and That Government Must Assist If Free Enterprise Is to Be Maintained. Denies That the Wagner-Murray Bill Is a Mere Spending Measure, and Avers That It Is Merely a First Step, Through Forecasting and Planning, in Dealing With Unemployment. Lays Down a Nine Point Program as Supplementary to the Full Success of the Bill, and as a Means of "Realization of the Rich Promise of Prosperity."



Secretary Vinson

This country has a duty to its people that it cannot neglect. Millions of men and women in the armed forces and in our wartime labor force expect, and are entitled to, assurance that they will never again have to go through a period of hunger and poverty and of mass unemployment.

The war has shown how enormous the productive capacity of this nation really is. People no longer believe that poverty and unemployment are a necessary by-product of our economic system. From this wartime experience they know that it is possible to have well-paid jobs for all. They will insist on full employment and steadily rising standards of living.

Free Enterprise Has New Task

This country has achieved economic greatness under the system of free enterprise. This economic system has given to our people an incomparable standard of living. But free enterprise cannot live on the achievements of the past. It will survive and flourish only if we succeed in using our productive resources to maintain full employment. Despite the decade of depression before the war, the people of this country are confident that with free enterprise there can be work for all and a high level of well-being. Our task is to see that the great potentialities of our economic system are, in fact, realized.

Too frequently, in the past, it has been popular to place the blame for depression on the businessman. If jobs were lost, if

(Continued on page 1376)

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*Statement of Secretary Vinson before the Senate Committee of Banking and Currency, Aug. 31, 1945.

Autonomics and Economics

By ALDEN A. POTTER*

(Concluding Installment)

Private Conservation Usually Better Than Public: Latter Should Be Induced Indirectly (Monetarily), Not By Direct Action as in Stock - Piling. Post-War Obsolescence Affected by Uneconomic Innovations of War. Social Action Cannot Equalize Benefits and Costs. Competition and Charity Incompatible: Latter Should Be Divorced From Politics and Economics. Collective "Bargaining" in Production and "Cooperative" Pricing in Consumption Incompatible: Latter Cannot Eliminate Risks or Keep Capital Accounts Current. Competitive Tax Advocated on Land and Expired Patents. 17-Year Period Should Be Deferable—Why Subsidize Only Flimsy Gadgets? Theory Without Practice Is Futile: But Practice Without Theory Is Worse Than Futile.

Benefits of Monopoly

Alden A. Potter

It will be fairly clear, by this time, that this is a defense of monopoly—of private property—properly financed by savings that are not counterfeited by usury (bank credit). It is a plea for the monopolies of the patent system (monopolies that might exist less beneficially if not legally arranged as patents) as against those of land values; though it is not an unqualified plea against these "unearned increments" either. Control of natural resources through private property in the hands of those best qualified to control them, as evidenced by ability to produce results, seems a natural and proper working out of that personal element of inequality which is not only not inequitable but is morally essential to the general welfare and to maintenance of law and order.

Controlled access—by no means **free** access—to raw materials is essential to social welfare. As to the restraints imposed by private property, these should afford competent conservation if not impelled to drastic exploitation by the "cut-throat competition" induced by the price distortions of the "perverse elasticity" of bank credit in the boom-bust business cycle. While governmental conservation seems not out of place in restricting present for the sake of future consumption—present for the sake of future population—present for the sake of future capital values (note that by these restrictions **future** consumption is served by **not** permitting formation of **present** capital values!), those public measures are decidedly out of place which attempt re-distribution in lieu of equitable financial institutions as these could and should place the title to property in the hands, not of financial wizards, but of the really best people.

Parenthetically, in the absence of market competition, public ownership of utilities may be preferable to political "regulation" of rates. But neither is satisfactory unless the capital accounting involved in rate fixing is correctly set up, not forgetting obsolescence, which must be absorbed by investment losses (public or private, according to contract) if not financed by replacement reserves accumulated while wearing out the obsolete equipment. By this same observance of the rules of neoterism or innovation, governmental, tax-financed or subsidized postwar operation of war factories for the sake of "full employment" will result in distortions of their value as related to that of competing capital. Not only is this true, but in cases where war equipment is the "last word" in modernization, its postwar operation entails what, in peace, would have been

(Continued on page 1377)

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*We give today the concluding installment of Mr. Potter's paper, earlier portions having appeared in our issues of Aug. 30, Sept. 6 and Sept. 13, respectively—Editor.

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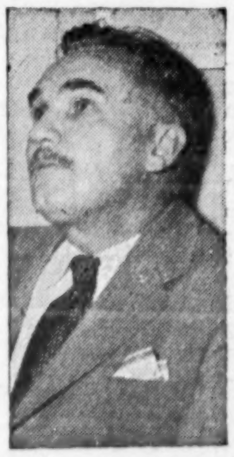
*These items appeared in our issue of Monday, Sept. 17, on pages indicated.

From Washington Ahead of the News

By CARLISLE BARGERON



Carlisle Bargeron

The aftermath of World War II is developing so closely in the pattern of the aftermath of World War I, that it must make those gentlemen who insist that the world is going to be different, downright sick. This time, as we understood it, we were to keep occupying forces in Japan and Germany indefinitely, oh, for 10 years or so. Never were we to get off their necks. The agitation in Washington to bring the boys home is so intense, that there are at least some observers who predict that we won't have any forces in Germany or Japan a year from now to speak of.

Congress and the military are in an awful dilemma. The Congressmen are being literally deluged with demands that all the boys now in Germany and Japan be immediately returned and replaced with boys still in this country and with boys yet to be drafted. They are being just as much pressed not to send any more boys abroad and not to draft any more. So far there is an insistence that we continue to police these countries but it is diminishing, and there are plenty of signs that it won't be long before the national attitude, rightly or wrongly, will be to wash our hands of the whole mess and forget about it.

UNRRA needs more funds to feed the so-called starving peoples of Europe. It is going to have difficulty getting them. When Director Lehman appeared before a Senate committee several days ago he was pressed unmercifully by a man long looked upon as a friend, Senator Tom Connally. A friend of ours is on loan to UNRRA from his movie magnate employer to try to get some favorable publicity for the organization. He is just about to throw up his hands. He is confronted with increasing stories of waste and downright theft, of an extravaganza of spending. When he looks into them with a view to issuing a denial, he finds con-

(Continued on page 1378)

The Full Employment Bill And Reconversion

By JOHN W. SNYDER*

Director of War Mobilization and Reconversion

Mr. Snyder Describes the "Full Employment Bill" as Merely Setting Up Machinery to Combat Depression. Holds There Is No One Panacea for Unemployment, but Every Operation of Government Must Be Geared to Prevent it. Bill, He Contends, Will Not Create Jobs, and We Must Rely on Private Business and Not Public Works for Remedial Measures. Says a Continuous and Changing Congressional Program for Remedial Measures Is Essential and Denies That the Bill Will Mean Regimentation.

As the American people turn from the horror and distress of war, two objectives are uppermost in their minds—peace and jobs.

John W. Snyder

We have gone a long way in laying the groundwork for a lasting peace. But the peace will not last long, it will not be worth much, unless those who are able and willing to work can share in the opportunities of peace. These opportunities can be realized only through full employment and rising standards of living.

America cannot afford the human misery nor the economic waste of large scale protracted unemployment. During the depression of the 30's, our country suffered a loss of over $300 billion in terms of goods and services that we could have produced but did not due to economic stagnation. This is more than the cost of the war.

There is no significant group in America, whether in labor, agriculture, industry, or government, which does not deeply desire the preservation in America of an economy based upon free enterprise and individual effort. But in the rest of the world this has not always been true. The surest foundation which America can provide for its way of life is a stable, expanding economy operating under conditions of steady employment.

We have seen, during the war, what our country is capable of producing. I do not believe that the American people will now be content to go back even to the best former peacetime year—for instance, to the level of 1940, when we had from 6 to 9 million unemployed.

Machinery to Combat Depression

In the past, we have had no machinery by which to organize in a systematic way for the prevention of depressions or of wars. We need such machinery. It has taken two catastrophic world wars to bring us into an international organization equipped with effective means of investigating and solving problems which threaten peace. I feel certain that it is not necessary to suffer another catastrophic depression to awaken us to the need of establishing a mechanism for a systematic attack on economic instability.

We must take positive action to help us achieve full employment. Businessmen have an important part to play—they must increase the efficiency of their own businesses; they must expand their production because only by the expansion of production can we expand employment. Agriculture has an important part to play—the farmers must keep up their production and increase their productive efficiency just as they have during the war. Labor has an important part because the basis of all of our wealth is human labor. The local and state, as well as Federal, governments have an important task. The achievement of full employment is not a job for one group alone because that is not the way democracy works—it is not the way a free economy works.

We must realize, however, that the Federal Government, acting on behalf of all the people, must adopt measures which will, I believe, be the determining factor in whether or not we can reach and hold full employment.

There is nothing new in this assertion because, in fact, the Federal Government has for some time been held responsible by the people for the prosperity and welfare of the country. It has dealt with employment as a vital concern of the Government. It is time that we recognize these facts and mobilize our resources of Government to the central objective of full employment and production.

This is not an easy task, but I believe that we in America can do it. We have learned a great deal in the last twenty years. We have learned a lot in the last five.

One thing we have learned from the war is that when the Nation has a central objective, such as war production, the policies of all the agencies or branches of Federal Government must be oriented toward that one great achievement. I think another lesson of the war is that this Nation can do anything it wants to do provided the goal is clearly stated and the people are unified behind the achievement of that goal.

Peacetime Goal

Our peacetime goal must be and will be full employment. To do its part in the achievement of this goal, the Federal Government must set up now the machinery through which it will act. The legislation which you are now considering sets up that machinery.

You have heard a great deal of testimony already, and I do not propose to discuss the Bill in detail, but I would like, however, to comment on some aspects which I think are particularly important.

First of all in this Bill, the Congress sets forth full employment under a free competitive economic system as the explicit policy of the United States. This may seem new but it is not. Administrations have striven to create prosperous conditions and job opportunities. Nevertheless, in my opinion, it is vital at this point in our history to have all parties and all persons in the United States agree that this is our policy.

Secondly, this Bill provides a procedure for determining the state of health of the country as far as production and employment are concerned. It is a barometer by which to gauge the economic climate.

The information which would be furnished the Congress would contain not only comprehensive analyses of current economic conditions but also a forecast of future conditions. Perfect forecasting is, of course, out of the question but judgments concerning the future are necessary in any case. Businessmen make such judgments and base production

(Continued on page 1375)

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*Statement of Mr. Snyder before the Senate Banking and Currency Committee, Sept. 1, 1945.

Truman to Name I. L. O. Conference Delegate

President Truman has yet to name the American representative for the International Labor Organization conference scheduled to begin at Paris, October 15. Both the American Federation of Labor, which has furnished the delegate since 1934 as this nation's only representative in the I. L. O. and wants to continue its international role, and the Congress of Industrial Organizations, thwarted in its efforts in the past to get a voice in the I. L. O., are contending for the American workers' seat at the conference, the Associated Press reported from Washington, Sept. 1. President Truman will rely, in making the appointment, on the recommendations of Secretary of State James F. Byrnes and Secretary of Labor Lewis B. Schwellenbach.

The A. F. of L., the Associated Press report continued, is reducing its participation in international affairs, although its leaders emphasize this does not spring from any desire to be isolationist. It is permitting the International Federation of Trade Unions, in which it also held the lone American seat, to dissolve without a fight, and it won't enter the new World Trade Union Conference with the C. I. O. and Soviet groups.

The Associated Press also said:

Behind this is the emergence of the Soviet trade unions, with a total of about 25,000,000 members, from the ashes of Europe to a dominant place in the international labor picture. The A. F. of L. won't tie up with the Soviets, saying the Russian trade unions are not free, that they are dominated by the government. The C. I. O. is working closely with the Soviet labor leaders, inviting them to visit American war plants and is joining with them with British, French and Mexican groups, in the formation of the new World Trade Union Congress.

The International Transport Workers are a power in the British trade union conference and in labor federations throughout the world. In the past, they with the British and the A. F. of L., have dominated the I. F. T. U.

The American workers' seat in the I. L. O. has been occupied since 1937 by Robert J. Watt, the A. F. of L.'s international representative. Along with him representing the United States over that period have been Henry I. Harriman, New England Power Company chairman, who represents employer groups, and several Government delegates. Former Secretary of Labor Frances Perkins and Carter Goodrich have been frequent representatives of this Government.

The I. L. O. was founded largely through the efforts of Mr. Green, the late Samuel Gompers and British labor leaders as an adjunct to the League of Nations at the close of World War I. Failure of this country to participate in the League kept the A. F. of L.—then the only nationwide general labor organization in the United States—from joining up formally until 1934. Its principal function has been to keep abreast of social and economic problems throughout the world, exchange plans for coping with them, and by joint action of Government, labor and employers represented in its machinery, to raise the standard of living throughout the world.

Mrs. Owens Heads Finance Group of Libraries Assn.

Mrs. Elizabeth W. Owens, Librarian of the Mercantile-Commerce Bank and Trust Co., St. Louis, has been elected Chairman of the Financial Group of the Special Libraries Association. Mrs. Owens succeeds Miss Anne P. Mendel, Librarian of the Bank of the Manhattan Company, New York City.

Snyder Report on Reconversion

War Mobilization Director Tells President Reconversion May Mean Temporary Idleness of From 5 to 9 Million. Urges Rapid Demobilization and Says Military Contracts Are Already Largely Terminated and Manpower Controls Removed, but Calls for Continuation of Some Price and Wage Controls. Advocates Expanded Production.

In his message to Congress, President Truman submitted a report dated Aug. 15, made to him by John W. Snyder, War Mobilization and Reconversion Director. This report, entitled "From War to Peace: A Challenge," describes the work already accomplished towards reconversion and the policy to be followed with respect to demobilization, unemployment and manpower, production and distribution controls, price and wage controls and a general legislative program for the transition period. It also contains a series of questions and answers on specific questions.

The text of the main portion of Mr. Snyder's report follows:

OFFICE OF WAR MOBILIZATION AND RECONVERSION,
WASHINGTON, D. C.,
15 August, 1945.

The President, the White House,
Washington, D. C.

Dear Mr. President: I submit herewith a report entitled "From War to Peace: A Challenge." This report has been prepared in collaboration with the Office of War Information and other government agencies. It is designed to answer the specific questions which will be uppermost in the minds of the people, now that Japan has been finally crushed.

Respectfully,

JOHN W. SNYDER
Director.

From War to Peace: A Challenge

Our total victory over our enemies was the inevitable and just product of our total mobilization for war. The same energies, the same skills, the same co-operation that won the war must now be directed toward the winning of a total and stable prosperity in peace.

The outlook for this peacetime victory is bright, but it will not be won easily nor immediately. There should be no mincing of words. The sudden termination of the major portion of war contracts will cause an immediate and large dislocation of our economy. Our nation will undergo the shock of considerable, but temporary, unemployment. The severity of this shock is increased by the sudden ending of the war.

In a sense we have exchanged lives which would have been lost in battle for sharp unemployment at home. It is a welcome swap. We would not reverse it if we could. Nor will we continue the manufacture of useless armaments for as much as one day to cushion the shock. We will not manufacture a single shell, nor a single piece of equipment, above absolute minimum military needs, for the purpose of reducing the shock of terminating war work. We will not keep a single soldier or sailor in uniform longer than he is needed by the Army or Navy, in order to hold down the totals of temporary unemployment. This is the policy laid down by the Congress, wholeheartedly carried out by this Administration and backed by the American people.

This policy may increase somewhat the immediate dimensions of the task. But it is the shortest and most efficient road back. We hope to achieve plant reconversion in a relatively few months, but a full peacetime footing cannot be achieved that soon.

The Answer—Production

The job ahead is one of redirecting from war to peace the four main resources from which the wealth of our economy springs: our man power, our raw materials, our plant and equipment and our managerial know-how.

The goal of our economy now that peace has come is in a sense the same as it was in war: production.

Only a peacetime production vastly expanded over anything this or any other nation has ever seen will make possible the attainment of the four major economic objectives which face us in the months ahead. These objectives I conceive to be:

(1) Jobs for all those willing and able to work.

(2) A steadily rising standard of living.

(3) Stabilization of our economy to avoid disastrous inflation or deflation.

(4) Increase opportunities for farmers and business men.

In fact, the urgent need to increase peacetime production is the keystone of all the government's economic policy and planning. Every step taken by the Office of War Mobilization and Reconversion, and every policy and action of the agencies which this office co-ordinates, is oriented to this central goal.

A Drastic Change-Over

Production for peace is in one way quite different from production for war. During the war business men and farmers had one customer for almost half the nation's output. The government not only created the market but specified exactly what kind, shape and size its share of the nation's output should be. Now that peace has come, the American people as individual customers will determine what business men and farmers are to produce. Therefore, many controls suitable for war are not suitable for the transition.

Wherever immediate removal of controls will help to get expanded production under way faster, they will be removed.

Wherever the removal of controls at this time would bring a chaotic condition or cause bottlenecks or produce a disruptive scramble for goods, controls will be kept and used.

Their use will be for the protection of the public and business and to expedite the expansion of production. The sooner we increase production the sooner we can be rid of all controls.

The Road to Reconversion

The switch from full wartime output to full peacetime output requires a number of positive and immediate steps. The plant and equipment, materials and manpower engaged in war production must be released by immediate cancellation of all war contracts no longer needed.

Terminated contracts must be promptly settled. Plants must be cleared, business men must be ready with their plans for peacetime production and expansion and must move ahead quickly.

The armed services must be demobilized without delay.

Some controls must be removed to speed reconversion and expansion. Other controls must be retained for exactly the same reason.

Prices and rents must be hold in line until an abundant supply and sharpened competition can operate to prevent ruinous inflationary rises.

Wages must also be held in line wherever their increase would cause inflationary prices. At the same time, measures must be taken to oppose the rapid shrinking of purchasing power if business is to reach and hold high levels of production and employ-

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The State of Trade

The progress of reconversion the past week continued to show further improvement as production in some manufacturing lines advanced slightly above the previous week. When compared with output for the same period a year ago, the increase loomed much greater.

In the week more government controls over production were abandoned and in some instances the products of reconverted assembly lines found their way into the market. Despite the sizable number of workers unemployed throughout the country the manpower situation continued to prove a very vexing one.

The labor crisis in Michigan induced by strikes of the United Automobile Workers, CIO union, and manpower shortages in the steel and textile industries, all added up to further delays and complications in an already difficult task in getting the country back to a more normal economy.

The demand of the automobile workers for a 30% increase from the three large automobile manufacturers is one of the many pressing issues that must be solved if that industry is to get on with its important job of reconversion.

According to press reports, 82,000 workers are at present idle in Michigan due to strikes and approximately 300,000 have been laid off pending reconversion. On Friday, last, about 50,000 Ford workers were sent home when supplies from the strike-bound Kelsey-Hayes Wheel Company and other plants failed to reach Ford assembly lines at River Rouge.

Late indications point to the fact that the auto industry is inclined toward the belief that an approach to clearing up their problem must come from the government itself. The action taken by the Administration in lifting of wage restrictions during the reconversion period and past commitments made to organized labor by our late President at the time the Little Steel wage formula was put into operation, make an early settlement of management-labor problems very difficult.

Steel Industry—In the midst of nationwide temporary unemployment, many steel companies this week are facing the greatest manpower shortage since Pearl Harbor, according to "The Iron Age," national metalworking paper, in its Sept. 12 issue. Practically all large companies are in need of from one to several thousand employees for such skilled jobs as are required in finishing mill operations which are being stepped up for civilian demand, the magazine says in its weekly summary.

Operations at one large mill in the Chicago district were acutely affected by the labor shortage to the extent of 3,500 men, causing two or three blast furnaces there to remain idle. Some companies have been able to approach a 40-hour week in finishing mill departments, but blast furnace and openhearth employees are working six or seven days a week.

The manpower shortage, the cancellation of war contracts and the inability to reach a 40-hour work week schedule, have produced such a financial hobgoblin, says this trade authority, that steel company representatives were to meet during the week with OPA representatives to present expected operating schedules for the balance of the year in order to prove probable financial loss. Expectations are that steel price increases on many products will materialize before the end of the year.

The elimination of the single basing point reducing the delivered price on stainless steel products in certain areas announced this past week by many producers is expected to be a boon to consumers and go a long way towards substantially increasing the use of this product on the civilian front. "The Iron Age" reports. Many companies have announced new basing points at the point of manufacture for various stainless steel products. This procedure will make a considerable inroad into producers' profits but will mean a windfall for consumers because the latter will be paying much smaller freight charges than heretofore.

The past week steel consumer reconversion requirements were shaping up rapidly and were accompanied by a sharp upturn in new order volume. Deliveries on most products were extended further this week with most items booked through the rest of this year and with some such as tinplate into 1946. The flatrolled steel market is being subjected to greatest consumer pressure and backlogs are reaching new peaks.

Reflecting the end of cancellation difficulties as well as the substantial increase in the number of civilian steel orders, the national steel ingot rate for the week advanced six points to 81% of capacity. Its ability to go much higher than the current rate depends upon the manpower situation.

Further restrictions in the authorized uses for lead are about to be invoked by WPB officials, "The Iron Age" reports. The importance of tin in the national economy and the expected liquidation of reserves within a year, it is felt the government may soon see fit to establish a director of tin operations.

Reconversion in the machine tool industry was said to be going forward the past week at a greater pace than had been anticipated. Foreign inquiries principally from France and Belgium were active and machine tool makers were eyeing the Chinese market.

The Amercian Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 83.2% of capacity for the week beginning Sept. 17, compared with 80.3% one week ago. This week's operating rate represents an increase of 3.6% from last week's rate and is equivalent to 1,523,900 net tons of steel ingots and castings, compared to 1,470,800 net tons last week and 1,714,300 tons one year ago. A month ago the industry was at 69.9% of capacity and 95.3% one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Sept. 8, 1945, totaled 730,628 cars, the Association of American Railroads announced. This was a decrease of 129,811 cars, ar 15.1% below the preceding week this year, due to Labor Day, but 94.538 cars, or 11.5% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 104,042 cars, or 12.5%, is shown.

Electric Production — The Edison Electric Institute reports that the output of electricity decreased to approximately 3,909,408,000 kwh. in the week ended Sept. 8, 1945, from 4,137,313,000 kwh. in the preceding week. Output for the week ended Sept. 8, 1945, was 7.5% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 156,400,000 kwh. in the week ended Sept. 9, 1945, comparing with 161,700,000 kwh. for the corresponding week of 1944, or a decrease of 3.3%.

Local distribution of electricity amounted to 151.900,000 kwh. compared with 152,000,000 kwh. for the corresponding week of last year, a decrease of 0.1%.

Paper and Paperboard Production — Paper production in the United States for the week ending Sept. 8 was 75.9% of mill capacity, against 95.2% in the preceding week and 74.4% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 80%, compared with 97% in the preceding week and 80% in the like 1944 week.

July Wholesale Hardware Sales Off—Wholesale hardware distributors in all parts of the U. S. reported that sales in July, of this year, showed a decline of less than one-half of 1% from their average volume for July, 1944, "Hardware Age" reports in its every-other-Thursday market summary. Sales for the first seven months of 1945, however, showed a cumulative gain of 3% over the same period in 1944.

Inventories of reporting hardware wholesalers were 1% lower, in dollar value as of July 31, 1945, than the same date last year, but showed an increase of 2% over June 30, 1945.

Business Failures Decline—Commercial and industrial failures in the week ending Sept. 13 fell to less than half the number last week and to only a third the number in the comparable week a year ago, reports Dun & Bradstreet, Inc. Concerns failing numbered seven against 19 in the previous week and 23 in the corresponding week of 1944. This was the lowest failure rate since the week of Victory holidays in mid-August.

All but one of the week's failures involved liabilities of $5,000 or more. However, even these large failures were down to half the 12 a week ago and to approximately one-third the 17 last year. Meanwhile, concerns failing with liabilities under $5,000 dropped from seven in the preceding week to only one in the week just ended—last year in the comparable week there were six small failures.

Manufacturing accounted for four of the seven concerns failing during the week, but even in this category they were only half as numerous as in the previous week. No failures occurred, either in retail or wholesale trade, marking the first time on record that this has happened. Concerns failing in commercial service numbered two, the same as in the comparable week of last year.

No Canadian failures occurred, the same holding true for last week. In the corresponding week of 1944, three failures occurred in Canada.

Wholesale Commodity Price Index—Although trending somewhat higher as the week closed, the daily wholesale commodity price index, compiled by Dun & Bradstreet Inc., registered a slight decline for the week. The index finished at 175.03 on Sept. 11, as compared with 175.32 a week previous, and with 170.60 on the same date last year.

Movements in leading grain markets were somewhat irregular. Wheat held quite steady despite the prospect for an all-time high yield. Demand for rye and oats was good and prices averaged higher. Cash corn was in active demand but supplies continued below requirements. Aided by hot and dry weather the crop made excellent progress during the week. Flour bookings dropped to a minimum last week, following the marked activity of late August, prior to the announcement of the drop in the subsidy rates for September.

Hog values held nominally at ceilings as salable receipts remained below requirements. Good and choice steers were active at firm prices, while Spring lambs were irregular in fairly active trading.

Cotton prices continued to advance during the past week, aided to a large extent by the freeing of most cotton goods from the Government set-aside program. Demand for the staple was also stimulated by reports of increasing weevil damage to the new crop and advices that Spain was in the market for further purchases of American cotton. Increased production of cotton textiles during the third quarter of this year is expected to ease the critical supply situation in civilian cotton textiles.

Uncertainty as to government action on prices of surplus domestic wool stock has held trading in that commodity in the Boston wool market at a virtual standstill for the third week in succession. Interest in spot foreign wools broadened somewhat, but trading has been restricted owing to existing uncertainities. Buying of wools in foreign primary markets continues at a low ebb.

Wholesale Food Price Index at Year's Low Point—The Dun & Bradstreet wholesale food price index for Sept. 11 remained unchanged at the year's low of $4.04. This was 1.5% above the $3.98 recorded a year ago, but represented a drop of 0.5% from the 1943 comparative of $4.06. Increases for the week were reported in wheat, rye, oats and lambs, while declines were registered in barley, potatoes, steers and sheep. The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Cooler weather in some sections of the country and hot in others mildly affected consumers' desires to shop last week. Retail volume was slightly above both that of a week earlier and of a year ago, according to Dun & Bradstreet, Inc., in its summary of trade for the week. Fall purchases of apparel continued with emphasis on college and sports clothing. Some stores featured newly produced household equipment this week; consumers were reported rushing to purchase the few items available or to order for advance delivery.

Casual wear sold especially well in soft suits, skirts and sweaters. Suit and dress inventories have been somewhat depleted and the heavy demand continues. Numerous requests for evening dresses mirrored the popular trend away from wartime clothing sobriety. Glove retailers reported increased volume; prevailing stocks prevented higher sales. Men's clothing stores experienced an upswing again last week; hats were given close consideration and purchased in large quantities.

Transactions in house furnishings were numerous; glass and kitchenware sold well. Some electrical appliances, mostly irons, sweepers and stoves, reached the markets last week. Stocks of soap powder, flakes and cleaners remained limited.

Food sales were about even with last week, but somewhat above 1944. Beef supplies increased considerably; here and there across the country there were occasional reports that dealers in meats were setting prices below ceilings. Tomato and other seasonal produce were abundant; some prices dropped with the increased supply. More dairy products reached the consumers. Canned goods volume, particularly soups and fruit juices, was large.

Retail sales for the country were estimated about 3 to 7% over the same week in 1944. Regional percentage increases were: New England 2 to 6, East 4 to 8, Middle West 3 to 7, Northwest 6 to 10, South 7 to 12, Southwest and Pacific Coast 0 to 4.

Wholesale volume was slightly over last week and the corresponding week of last year. There was a sharp increase in the number of buyers in the markets during the past week. In wholesale soft lines, volume remained generally unchanged in the week and declined moderately below the corresponding period a year ago. Soft goods stocks were reported generally low, chiefly in white goods. Wholesalers of hard goods reported consistent gains in volume during the past two months.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Sept. 8, 1945, decreased by 1% below that of the preceding week. For the four weeks ended Sept. 8, 1945, sales decreased by 2% and for the year to date showed an increase of 11%.

Here in New York last week retail trade was well ahead of the comparative week of 1945, showing no major effect of war contract terminations and lay-offs, according to the New York "Times." Many buyers arrived in the wholesale markets to check on deliveries of fall and holiday merchandise. Increasing caution was evidenced on long-term commitments.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Sept. 8, 1945, increased by 3% above the same period of last year. This compared with an increase of like amount in the preceding week. For the four weeks ended Sept. 8, 1945, sales declined by 2% and for the year to date increased by 13%.

"Hamstringing Business"

"The automobile industry, which was perhaps the greatest industrial factor in our recent victory, should have free rein to surge into peace-time leadership. . . .

"If a pricing formula is attempted through bureaucratic channels, many of our reconversion efforts will be nullified, and many evils, some of which cannot be foreseen, will develop. But of one evil that could appear I am sure. That is actual inflation through cheapening of quality of product. To be blunt, a Government-set price formula for such a complex mechanism as the motor-car could be an invitation to substitution of cheaper materials which would in effect take a bite out of the consumers' dollar. . . .

"Today, when we have huge debts to pay and an economy to maintain, there's only one answer—jobs and still more jobs, and quickly. I believe in giving business the reins to create these jobs. I do not believe in hamstringing business by regulations that are blocking the path for our people to go to work."—Senator Homer Ferguson.

We are certain that there are many other Americans who do not believe in any such thing.

The Financial Situation

(Continued from first page)

if such plans and programs as these are in substantial part given effect, the post-war budget may well be, not $20 or $30 billion but $50 billion or more — and this discovery seems to come as a shock to some elements of the public!

But it is the old, old fact, from which even the New Deal managers (with the help, forsooth, of Lord Keynes) have been able to find no escape. If one wishes to dance, one must pay the fiddler. Senator Taft the other day listed spending proposals now pending. Here is the Senator's list:

"A bill proposing $550,000,000 annually for aid to education.

"A bill appropriating $100,000,000 for aid in financing vocational education.

"We have a national food allotment stamp loan involving $500,000,000.

"We have passed a rural electrification measure calling for an expenditure of $200,000,000.

"There is a bill to provide annual aid in the construction of hospitals, $110,000,000.

"There are proposals of various kinds for further aid to states in the health programs, amounting to $600,000,000 a year.

"There is a bill for school-lunch programs, proposing $100,000,000 a year.

"There is a bill to aid the states in eliminating river pollution, $50,000,000 a year.

"There is the bill for aid for aeronautical experiments, $50,000,000 a year.

"There is provision for additional subsidies for public housing, about $80,000,000.

"We have various veterans' bills, the largest one being for a bonus of $1,000, which will cost $13,000,000,000.

"There is a bill to increase Federal salaries by proposing a 30-hour week, which will cost probably $500,000,000 a year.

"There is $25,000,000 for the Inter-American Highway.

"There is $500,000,000 a year for veterans' hospitals.

"There is $500,000,000 more for the Commodity Credit Corporation.

"The President has indicated his intention to submit an additional program for the United Nations Relief and Rehabilitation Administration, costing $1,350,000,000."

The Senator's list is, of course, really far from complete. It seems to include only those projects and proposals which are actually before Congress or which have reached a stage which renders possible an estimate of costs. Many of the grandiose schemes which apparently command influential support have not advanced to the point where costs have been given much thought. The Senator's list is long enough, however, to make it clear why $50 billion post-war budgets are now being mentioned, and long enough to put thoughtful citizens on notice that they can not afford longer to defer a decision as to whether or not we are prepared or determined to follow the Hansen-Keynes "line" of fiscal management, or can summon the good sense to insist upon at least reasonably prudent management of our affairs.

A Basic Decision

This decision is basic. Once we have determined to turn our backs upon the "salvation through profligacy" doctrine, many if not most of the wild schemes which plague Congress today could no longer be considered. They could be given effect only if we either cared not a fig for sound national finances, or, which is definitely not true, were willing to bear some such burden of taxation as has been our lot during the war. The fact of the matter is that unless we are prepared to throw to the winds all that experience has taught of the wisdom of prudent financial management, and are ready to discard all American traditions about the role of Government, we had better this day begin letting Congress know that virtually all the proposals listed by Senator Taft must be shelved indefinitely.

But even that would not suffice. In the first place, there are many programs, not mere proposals, now in effect and force which are costing the nation many a needless penny. Many of them need to be brought to an end. Some of them are born of the war. More than one of them comes over from days when the New Deal was desperately seeking some way to revive a "mature economy" in which almost none of the breath of life remained—or so it was apparently supposed. If we are really to hew to the traditional line of prudent management of our affairs in the future much, if not most, of all this has to be pared off. It is wholly inconsistent with any budget of outlays within our post-war means. Indeed to thoughtful students much of it can be viewed as nothing more or less than a burden, a needless burden, upon the well-being of the people of the United States. It is time we reached a definite and firm determination about these things.

Much Nonsense Ruled Out

It goes without saying that any such selection of policy for the future would ipso facto inflict the death penalty upon much of the long list of policies and programs which President Truman has sent to Congress in recent weeks, and which, for the most part, originated with the preceding New Deal administration. Most of this is not only paternalistic in the nth degree, and thus out of harmony with American tradition and certain to be harmful rather than helpful in the end, but would cost far more than we can afford.

It is for this reason that we assert that the decision as to whether we shall hew to the line of rational finance in the future is basic. If we are to do so, then we need hardly even debate many other questions which now cause many arguments.

U. S.-British Trade Parley Under Way

British Representatives at Washington Meet With State Department Officials to Work Out Post-War Credit Arrangements and Commercial Policies.

On Sept. 9, Lords Halifax and Keynes, British Representatives, met with Assistant Secretary of State, William L. Clayton, in the first of a series of conferences, to work out a plan whereby Great Britain will receive credits or some other form of aid from the United States to offset the loss of the lend-lease arrangements which were discontinued as the result of the cessation of hostilities. The difficult position in which Great Britain now finds itself, both because of her heavy indebtedness abroad and the need of large reconstruction outlays, makes it imperative that some arrangement be arrived at whereby the United States will furnish aid in some form to tide the United Kingdom over a period of several years.

Lord Halifax

William L. Clayton

Lord Keynes

Although it is apparent that the State Department officials are favorable to granting assistance to our former ally and one of our best customers in pre-war years, there are some difficult barriers in the way of devising a method to accomplish this. In the first place, there is considerable objection in this country against the "imperial preference" policy of Great Britain in trade with her colonies and self governing dominions. Then, there are the complaints against the "Sterling Bloc" policy and the bilateral monetary agreements which Great Britain has entered into with a number of countries in order to confine payments of "blocked sterling" to the purchase of goods and services within the "Sterling Area." Several of these monetary and financial agreements have already been published from time to time in the "Chronicle."

Conflicting Policies

The policy of the State Department to encourage freedom of trade and the removal of restrictive barriers throughout the world evidently runs counter to the British policy of building up an international trading area, centered around the British pound sterling.

The matter of a U. S. loan, or an outright gift of from three to six billions of dollars to Great Britain, has already posed serious difficulties and political objections. As already stated by Sir Stafford Cripps, the new President of the British Board of Trade in the Labor Government, Great Britain is unwilling to contract a foreign loan which will mean assuming an impossible future burden in the form of interest payments and repayment of capital, and would lead eventually to a lowering of the standard of living. "We certainly do not want to assume obligations which we know we cannot discharge," he declared in a recent address before the conference of Lancashire and Cheshire Federation of Trades Councils. But aside from this, it is apparent that even the enlarged facilities of the Import-Export Bank is incapable of affording a loan of the size required to alleviate the British situation.

As to an outright gift from the United States to enable Britain to tide over a period in which she can expand her exports to meet her international obligations, there will undoubtedly be strenuous objections in political and Congressional quarters. It will be recalled, however, that Senator Taft made this suggestion during the Senate hearings on the Bretton Woods Agreements. But it appears that Congress is in no mood to follow this course.

Whether Great Britain would be willing, even in her present distressed condition, to abandon her imperial trade preference policy is extremely doubtful, though a compromise may be worked out on this basis. It is possible, also, that Congress may grant to President Truman the right to allocate among foreign countries in need of rehabilitation a sum of money, nominally under loan conditions, but essentially a gift. This has already been done in the case of China, to which a half billion dollars has already been allocated.

Keynes' Statement

In a formal statement issued at a press conference on Sept. 12, and printed elsewhere in this issue of the "Chronicle," Lord Keynes outlined the British position. He pointed out that owing to Britain's heavy role in furnishing men and munitions, the nation had sacrificed its exports and that there will be a considerable time before its industries can recover to achieve a volume of exports more than 50% above the pre-war level. He indicated that there were two alternatives facing Britain. One was to maintain a policy of economic isolation within the Sterling Area; the other was to remove the barriers of the Sterling Bloc in return for some form of aid or co-operation by the United States.

It is expected that the conference between the British emissaries and the State Department officials will continue for several weeks, during which the situation will be discussed with other departments of the Executive branch of the Government. In the meantime, the agitation for the repeal of the Johnson Act will go forward. But even if loans by private parties to British concerns is again permitted, there is already strong indication that British business interests will not take kindly to the active participation of American capitalists in the ownership and control of British industries.

Gen. Wainwright Welcomed Home

The nation's welcome to its hero of Corregidor and Bataan, General Jonathan M. Wainwright, which began when he set foot for the first time in five years on the American mainland, at San Francisco on Sept. 8, reached the climax of its ovation when he was presented by President Truman with the Congressional Medal of Honor at Washington, on Sept. 10.

General Wainwright, after arriving at the National Airport, made the traditional tour of the city amid welcoming throngs, visited the Houses of Congress, went to the White House where, at a brief but impressive ceremony in the Rose Garden he received the Medal of Honor, and to the Pentagon.

In a speech to his cheering welcomers, the General, according to the Associated Press, said that the United States should be firm with those "truculent men" (the Japanese), and be prepared, so that never again will American soldiers be "forced senselessly to suffer . . . torment and starvation."

The presentation of the Congressional Medal of Honor to General Wainwright was accompanied by the following citation, read by President Truman:

"Gen. Jonathan M. Wainwright, commanding United States Army forces in the Philippines from March 12 to May 7, 1942, distinguished himself by intrepid and determined leadership against greatly superior enemy forces. At the repeated risk of life above and beyond the call of duty in his position, he frequented the firing line of his troops where his presence provided the example and incentive that helped make the gallant efforts of these men possible.

"The final stand on beleaguered Corregidor, for which he was in an important measure personally responsible, commanded the admiration of the nation's Allies.

"It reflected the high morale of American arms in the face of overwhelming odds. His courage and resolution were a vitally needed inspiration to the then sorely pressed freedom-loving peoples of the world."

On Sept. 13, when General Wainwright arrived at New York, besides the official welcome at City Hall, he was accorded an enthusiatic ovation by the millions of people who had turned out to greet the hero. The evening of the 13th he was the guest of honor at a banquet tendered by the City of New York and the Commerce and Industry Association of New York, Inc., at the Waldorf-Astoria. Col. Allan M. Pope, President of the association and a classmate of General Wainwright at the United States Military Academy at West Point, headed the reception committee.

Items About Banks, Trust Companies

Winslow T. Richmond has been appointed Asst. Vice-Pres. of Central Hanover Bank & Trust Co. of New York. Mr. Richmond started his banking career in the personal trust department of Central Hanover in 1929 and was appointed Assistant Secretary in 1934. He is a graduate of Wesleyan University.

An "old customers' luncheon," which will be an innovation in the practice of New York banking institutions, will be given by the officers and directors of the Continental Bank & Trust Co. of New York on Sept. 20, at the City Midday Club, 25 Broad Street. The guests of honor will be business concerns and individuals who have been Continental depositors continuously for half a century or more. Frederick E. Hasler, President of the bank, will preside. In its early days the Continental, which celebrated its 75th anniversary last month, was especially identified with export and import trade, and some of its oldest depositors date back to that period. In recent years, however, it has become a broadly diversified commercial bank and trust company, serving all lines of industry.

E. Chester Gersten, President of the Public National Bank and Trust Company of New York, announced on Sept. 17 that Edmund P. Looney, Assistant Vice-President, was elected a Vice-President. Mr. Looney is a senior credit officer at the Main Office, 37 Broad Street, and is also a Trustee and Treasurer of the Brooklyn Public Library.

At a meeting of the board of directors of Sterling National Bank & Trust Co. of New York, held on Sept. 13, Harold D. Kittinger was elected a director of the bank. Mr. Kittinger is a director of the Arnold Constable Corp., and President of the H. L. Green Co., Inc., of Green United Stores, Inc., and of Metropolitan Stores, Ltd., of Canada.

Francis Sydney Bancroft, who has had more than 40 years' experience in local real estate as a member of the firm of Pease & Elliman, Inc., has been elected active First Vice-President of the Excelsior Savings Bank of New York, according to an announcement made Sept. 13 by Reginald Roome, President. Mr. Bancroft will devote his entire time to the Excelsior Savings Bank, but will continue as Vice-President and director of Pease & Elliman. He has been intimately connected with the bank since 1930, when he was elected to the board of trustees and made a member of the Finance Committee. In 1932 he became an Honorary First Vice-President, and in 1933 was appointed to the Special Real Estate Committee. Mr. Bancroft has had wide experience in all branches of real estate, but in recent years has specialized in the appraisal and management of New York properties.

Mr. Roome also announced the election by the trustees of three additional Vice-Presidents: Everett Smith, Cordt G. Rose and J. Treacy Farley.

Presentation of pins signifying membership in the newly-instituted Quarter Century Club was made on Sept. 18 to 19 employees of the Union Dime Savings Bank of New York at 40th Street and Sixth Avenue by the President, William L. DeBost. Five of the 19 have service records of over 40 years, and four more have over 35 years of service. Stanley E. Clickener, who celebrated his 50th anniversary with the Union Dime in May of this year, is Honorary President of the club. The total years of service represented by the club is over 649 years, or an average of over 34 years per member of the Quarter Century Club.

The appointment of George J. Bender as Mortgage and Real Estate Officer of the Brooklyn Savings Bank of Brooklyn, N. Y., has been announced, it was indicated in the Brooklyn "Eagle" of Sept. 10, which stated that Mr. Bender was formerly resident attorney with the bank.

According to the Brooklyn "Eagle" of Sept. 13 John Adikes has been elected President of the Jamaica Savings Bank of Jamaica, Long Island, after 19 years of service there. George S. Downing, President, has been elected to the newly-created office of Chairman of the board.

A merger of the Citizens National Bank of Lancaster, New York, with the Manufacturers & Traders Trust Co. of Buffalo has been approved by the directors of the two institutions, President Lewis G. Harriman of the M. & T. and President John L. Staeber of the Lancaster bank, announced on Sept. 15. The Buffalo "Evening News," from which we quote, also had the following to say:

"The consolidation, which must be approved by stockholders of both banks and the New York State Superintendent of Banks, will be effected by an exchange of stock of the two banks on the basis of nine-tenths of a share of M. & T. stock for each share of Citizens National Bank stock.

"Present directors of the Citizens National Bank, founded in 1921, will continue to serve as an advisory board for the Lancaster area. Mr. Staeber will continue in active charge of the office and will become a Vice-President of M. & T. Raymond C. Over, now Cashier, will become an Assistant Secretary of the M. & T. and manager of the Lancaster office. The present staff of the Citizens National Bank will continue unchanged. M. & T. reported deposits of $207,674,982.33 on June 30, and the Citizens National Bank reported deposits of $6,712,000. In June, the First National Bank of Kenmore was merged with the M. & T."

John D. Hayes, President and Chairman of the board of Fanny Farmer Candy Shops, Inc., was elected to the board of directors of the Union Trust Co. of Rochester, N. Y., on Sept. 13. The Rochester "Times-Union," in noting this, added:

"He also is President and Chairman of the board of Laura Secord Candy Shop, Ltd., of Canada, and a director of the Chartered Trust & Executor Co. of Toronto.

"Mr. Hayes was associated with the late Frank P. O'Conner in the organization and operation of the Fanny Farmer and Laura Secord enterprises, acting as Vice-President and General Manager of the latter company until 1938, when he came to Rochester as President of the Fanny Farmer Shops."

The stockholders of the State Street Trust Co. of Boston, Mass., at a special meeting on Sept. 10 voted to change the par value of the stock from $100 to $20 a share, increasing the number of shares from 40,000 to 200,000. This is learned from the Boston "News Bureau," which added:

"Five shares of $20 par stock will be distributed in exchange for each $100 par share outstanding at the close of business Oct. 1."

Stating that the directors of the First National Bank of West Orange, N. J., have declared a dividend of 25% on its bank's common stock, payable in common stock Oct. 1 to stockholders of record at the close of business Sept. 20, the Newark "Evening News" of Sept. 14 added:

"In view of the increase in bank deposits, decision was reached to take steps to increase the capital stock. Declaration of the dividend will advance the total from $200,000 to $250,000. The increase is from accumulated earnings. The surplus accounts total is $150,000 and undivided profits in reserve total $110,000."

James L. Miller, retired Vice-President of the Chase National Bank, New York, died on Sept. 13 at the home of his daughter in Nutley, N. J. He was born in New York 77 years ago. Mr. Miller, the Newark "Evening News" reports, was employed by the Chase bank 40 years and had served 15 years as Vice-President in charge of the Worth Street

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Rights in V and VT Loans Not Affected By Japan's Surrender

Attention was called on Sept. 7 by Allan Sproul, President of the Federal Reserve Bank of New York, to a communication dated Aug. 17, from Commander Donald P. Welles, Chief of Finance Division of the Navy Department, addressed to the Board of Governors of the Federal Reserve System relative to the guaranteed loan program pursuant to Regulation V after Aug. 14, 1945. Mr. Sproul's advices to the banks and other financial institutions in the New York Reserve District quotes Commander Welles' communication as saying.

"1. The announcement of the Japanese agreement to surrender makes it appropriate for the Services to modify the guaranteed loan program, and accordingly the following instructions are issued by the War Department, the Navy Department and the Maritime Commission in connection with future administration of guaranteed loans by the Federal Reserve Banks." The instructions regarding V and VT Loans, continue:

V and VT Loans

2. **Outstanding V and VT Loans.** The rights and obligations of the guarantor (incluuding the Federal Reserve Bank as its agent), the financing institution and the borrower under existing loans and guarantees, as defined in the documents relating thereto, will not be affected by the surrender of Japan. In cases where outstanding loans require the consent of the Reserve Bank or the Guarantor for the financing of production under additional war contracts, such consent should not be given without submission of the matter to Washington.

3. **Outstanding Authorizations.** V-Loan authorizations which were outstanding on Aug. 14, 1945, may be executed in accordance with their terms, but the authority previously given to the Reserve Banks to extend such outstanding authorizations for a period of 30 days is hereby revoked. Requests for the extension of such authorizations should be referred to the Guarantor, and its decision will be made in the light of the circumstances involved in each case.

4. **Pending Applications.** Applications for V-Loans which have been filed with the Reserve Banks and which were pending with the Reserve Banks or the Services on Aug. 14, 1945, will, unless withdrawn by the financing institution, be processed in the usual way. In such cases, the guarantee will be confined to a loan with a borrowing formula limited to items under terminated war contracts, and borrowings under unterminated contracts will be permitted only if the circumstances stipulated in paragraph (7) below exist.

5. **Extensions of Maturity.** The Reserve Banks are authorized to consent to requests for the extension of maturity of any V or VT Loans under the 1942 or 1943 form of Guarantee Agreement maturing hereafter (whether it be an original maturity or a maturity resulting from an extension hitherto granted) when in the opinion of the Reserve Bank (concurred in by the Liaison Officer in the case of War Department guarantees) such extension is necessary for orderly liquidation of the loan, subject to the following conditions: (A) No such extension may exceed 60 days; (B) The borrower shall relinquish its rights under Section 6, except as to contracts terminated prior to the beginning of the period of the extension; and (C) The financing institution shall relinquish its rights under Section 5, except as to contracts terminated prior to the beginning of the period of the extension. Pursuant to such relinquishment, contracts terminated during any such period of extension should be excluded from (a) or (x), as the case may be, and included in (b) or (y), as the case may be. Loans under the 1944 V-Loan Guarantee Agreement may be extended by the financing institution under the terms of Section 7 thereof. Additional extensions or an extension exceeding 60 days may be given only with the consent of the guarantor after submission to Washington. Previous instructions which are inconsistent with the instructions set forth in this paragraph are hereby revoked.

6. **Authority for New V-Loans.** The surrender of Japan has not resulted in termination of the war within the meaning of the first War Powers Act, 1941, under which Executive Order 9112 was issued. Accordingly, the War and Navy Departments and the Maritime Commission are still empowered to enter into contracts with financing institutions guaranteeing them against loss of principal or interest on loans, discounts or advances, or on commitments in connection therewith which may be made for the purpose of financing any contractor, subcontractor or others engaged in any business or operation which is deemed by the War Department, the Navy Department or the Maritime Commission to be necessary, appropriate or convenient for the prosecution of the war.

7. **Policy as to New V-Loans.** However, it will be the policy of the Services to enter into guarantees of new V-Loans (as distinguished from extending guarantees of outstanding loans or issuing guarantees of refinancing arrangements made in order to bring about orderly liquidation of outstanding guaranteed loans) only in exceptional cases and where there is a clear necessity for the procurement of supplies or services by the War Department, Navy Department or Maritime Commission from the particular borrower, and where no other means of adequate financing is available to the borrower. In such cases the financing institution will be expected to take an exposure clearly commensurate with the risk involved, and the maturity will be limited strictly in accordance with the requirements of the particular contracts to be financed. Appropriate provision for borrowing against terminated contracts may be included in such loans.

T-Loans

8. There will be no present change in the operation of the T-Loan program. However, the special provision with respect to receivables on unterminated subcontracts under terminated prime contracts, which was authorized by the Navy Department memorandum of April 24, 1945 . . . to be inserted in Exhibit D of the Termination Loan Agreement, may not be inserted in T-Loan Agreements executed hereafter, unless the prospective borrower still holds war contracts which have not been fully terminated. If any case arises where the omission of this special provision will, in the opinion of the Reserve Bank, work an undue hardship upon the borrower, it is requested that such case be referred to the guarantor for its consideration.

9. I am authorized to state that the War Department and the Maritime Commission concur in the above. . .

Norwegian Krone Notes No Longer Legal Tender

Associated Press advices from Minneapolis Sept. 14 reported that Reidar Solum, Norwegian Consul at Minneapolis, stated on that day that Bank of Norway krone notes no longer are legal tender and must be delivered to the consulate before Oct. 6 to be redeemed. The press advices added:

"Accompanying the notes must be a declaration telling the circumstances under which they were acquired. Notes acquired legally will be recognized and the amount will be credited to a bank account in Norway for the owner, Mr. Solum said.

"Deposits and other assets with Norwegian banks held by private individuals also must be declared for registration, he said. Bank deposits and securities liable to registration which have not been declared by Nov. 15 are forfeited to the Government of Norway, he said."

New Holland Banknotes

During the week beginning Sept. 26, the people of the Netherlands will be required to exchange all their banknotes for new ones, in one of the most sweeping measures taken by the Netherlands government to reorganize the country's financial system. The old banknotes will become valueless on Oct. 3. In advices made available Sept. 18, the Netherlands Information Bureau in New York City, further reports:

"Admitting that this step will entail a great deal of inconvenience, the Netherlands Minister of Finance stated that this reorganization is necessary to help restore conditions to normal. The impossibility of obtaining sufficient stocks of banknotes from printing plants in Holland and England prevented the measure from being effective earlier. As a preliminary measure the government had called in all banknotes of one hundred guilders and over.

"Bank and Treasury notes large and small, and all currencies brought in by the Allied armies, are included in the regulation. All bank and savings bank balances will be frozen until the issue of new notes has progressed beyond its early stages.

"To leave the people with enough money to see them through the week during which the change takes place, ten guilders' worth of new money will be made available in advance for each person. A family of five will receive fifty guilders in new currency to meet ordinary household expenses. Employers have been requested to extend advances to their workers so that they may buy the prescribed allotment of new money before the deadline. On Saturday, Sept. 22, no wages will be paid.

"The Netherlands Finance Minister explained that the step was decided upon to enable the government to combat inflation by controlling wages and prices and to trace black market profits. It is also intended to keep the amount of money circulating within reasonable bounds, to obtain information on the money situation while investigating the resources from which the money flows, and to control the expenditure of money. The Minister warned that those attempting to frustrate the measure will meet with severe punishment."

Forthcoming Labor-Management Conference To Seek Formula for Minimizing Labor Strife

Aim Is to Establish Machinery Which Would Permit Early End of War Labor Board

Secretary of Labor Schwellenbach and Secretary of Commerce Wallace jointly announced on Sept. 6, after a meeting of top industrial and labor leaders, that the labor-management conference for which the government has been laying plans will be held at Washington Oct. 29 or Nov. 5. The date was left indefinite, the Associated Press stated in reporting the announcement from Washington, because of the anticipated absence throughout October of Congress of Industrial Organizations Vice-Presidents attending the World Trade Union Federation Conference at Paris.

The Government hopes that the forthcoming conference will provide a formula for post-war industrial peace. President Truman, in his message to Congress, said that its purpose was to work out "by agreement means to minimize labor disputes"

The size and scope of the conference, the method of selecting delegates and form of organization, the Associated Press report continued, were left to a committee headed by Major Paul Douglas. He is a wounded Marine hero, who quit his post as Economics Professor at the University of Chicago to enlist as a private. He is the husband of Representative Emily Taft Douglas (D., Ill.).

The Associated Press further said:

Others on the committee are Charles Symington, Maryland manufacturer, who was proposed by Secretary Wallace for co-chairman; Robert J. Watt, for the AFL; Ted Silvey, for the CIO; Joyce O'Hara, for the U. S. Chamber of Commerce, and Ray Smethurst for the National Association of Manufacturers.

The committee was given no hints by Messrs. Schwellenbach and Wallace as to the limits of the conference. Mr. Schwellenbach told newsmen that he would not attempt to impose his views on the committee.

The Government will assume a guiding role in the conference itself, he said, but will not "steer or dominate it." The meetings should be concluded in three or four weeks, he thought, as was the "successful conference" of February-March, 1918, when the War Labor Board of World War I was established.

The present War Labor Board will go out of existence in as orderly fashion as possible after conclusion of the forthcoming conference, Mr. Schwellenbach said. Presumably the conference will come up with some sort of disputes machinery to take its place.

In the meantime, Mr. Schwellenbach said he was proceeding as rapidly as possible with his plan to strengthen the United States conciliation service, in his Department since 1913.

Mr. Truman is relying heavily on collective bargaining and conciliation to keep the number of labor disputes in the critical months ahead to a minimum.

The Labor Secretary said the AFL and CIO, which have been reported far apart in their ideas about the scope of the conference, appeared to "have no sharp differences" of opinion at the luncheon meeting in Mr. Schwellenbach's office.

AFL President William Green has favored limiting the conference to consideration of machinery to take the place of the WLB. CIO President Philip Murray has expressed the view that all the underlying causes of strikes and unrest should be aired in order to obtain lasting labor peace.

President Truman, in his message to Congress, asserted that "our national welfare requires that during the reconversion period production of civilian goods and services—as full production as possible—go forward without interruption and that labor and industry cooperate to keep strikes and lockouts at a minimum."

At his first news conference on Sept. 7, the Associated Press reported from Washington, that Major Douglas had declared that he thought "all men of good-will want labor and management to make an agreement that will insure industrial peace and maximum production." He said he felt that Americans want no more of "strife, either internal or external."

An earlier announcement of the proposed conference was given in the "Chronicle" of Sept. 6, page 1159.

State Banks' Status Improved in 1944, Says American Bankers Association

An over-all strengthening of the position of state banks in our nation's economy during 1944 is revealed in the 14th annual report (made available Sept. 11) of the State Bank Division of the American Bankers Association, which shows assets of the 9,510 state supervised banks in the United States increased $12,281,041,000 during the year to $75,350,146,000 at the close of business Dec. 30, 1944.

"Worthy of comment as we consider this report," said Elwood M. Brooks, Chairman of Committee on State Bank Research of the Division, who is also President of the Central Bank & Trust Co. of Denver, Colo., "is the fact that half of the country's bank assets are held in State banks. Of extreme importance, in these days of reconversion, will be the way in which we exercise our responsibilities in the handling of these vast funds," Mr. Brooks added.

"So timely is this study, coming almost at the same moment as the Japanese surrender, that it can well serve as a blueprint for making an immediate analysis of our position, upon which we may base the next few months' operations. It gives the State bankers, many of whom serve very small communities and who reach into the highways and byways of America's foundations, an opportunity for making sound deductions which will result in constructive contributions to the nation's financial health."

The survey is based on year-end reports and detailed information supplied by the 8,967 State (commercial) banks, loan and trust companies, private banks and stock savings banks and the 543 mutual savings banks in the United States.

The report is made in a 50-page booklet mailed to members of the State Bank Division. It is divided into two main sections for a discussion of "Assets and Liabilities" and "Earnings and Expenses," and each of these sections gives a detailed analysis of the figures applying to commercial and to mutual savings banks. The material is illustrated by series of tables and charts for more easy understanding of the statistical data.

Discussing assets and liabilities of State supervised banks, the report says in part: "Most of the gain in total investments was attributable to increased holdings of United States Government securities which totaled $42,593,451,000 for all State supervised banks on Dec. 30, 1944, an increase of $10,727,649,000 for the year. A further study of this item shows that State supervised banks had 56% of their resources invested in Government securities, an increase of about one-third in the past 12 months. This survey shows that during the past five years State supervised banks have increased their holdings of Government securities $31,345,676,000 or 278.7%, emphasizing the fact that State banks are continuing to lend their support to Treasury financing. Holdings of other securities by State supervised banks totaled $4,043,284,000 at the end of 1944, a decrease of $98,607,000 or 2.4% in the past year. Other securities held represent approximately 5.4% of total resources.

"Cash reserves, and funds due from banks at the end of 1944 aggregated $13,205,040,000 for State supervised banks.

"Total deposits of all State supervised banks as of Dec. 30, 1944, amounted to $69,538,909,000, an increase of $11,887,928,000 over the previous year. Demand deposits of individuals, partnerships, and corporations amounted to $28,855,091,000, a gain of $2,856,133,000 for the year. Demand deposits have consistently increased and the present figures represent more than 153% since 1938. For the five year comparative figure, demand deposits have increased 85%. Time deposits of individuals, partnerships, and corporations increased during 1944 by $3,730,043,000 to a total of $24,355,275,000 for all State supervised banks. Total capital funds of State supervised banks was $5,409,390,000, a gain of $323,643,000, or an increase of 6.4% for the year. Resources of the 8,967 State (commercial) banks at the close of 1944 amounted to $60,563,629,000, an increase of $10,539,672,000 or 21.1% for the year. This increase is reflected mainly in holdings of United States Government securities."

It is further stated: "For the 8,928 State banks engaged in commercial business, aggregate gross earnings for 1944 were $1,023,390,000, an increase of $119,251,000 over the previous year. Current operating expenses, including income taxes, for the same period advanced $711,011,000, an increase of $73,295,000 over 1943.

"Net profits for the 8,928 State banks, after recoveries and charge-offs, but before dividends, amounted to $350,227,000. The better over-all condition of business is reflected in $37,848,000 added to net profits from recoveries on loans and discounts and profits on sale of securities amounting to $162,433,000, compared with $124,585,000 in losses and charge-offs on loans and securities for the year."

Netherlands Int. Cut to 3%

Advices Sept. 15 from Amsterdam credited to the Netherlands News Agency, stated:

"The Netherlands Ministry of Finance announced today a new measure designed to reduce interest rates on long-term loans from 3½ to 3%.

"A corresponding decrease has been made for the interest rate against which the Finance Minister's agent issues Treasury promissory notes. The decrease amounts to one-seventh over the entire line and corresponds to the reduction from 3½ to 3% on the long-term obligations.

"The announcement stated these measures fit in with the Netherlands Government's cheaper money policy as well as with the money purge which it is conducting.

"Netherlands state loans at rates greater than 3½% soon will be converted to 3%, and new loans, if and when issued, will be at the basic rate of 3%."

New World League Expected to Hold First Session This Fall—Argentina Latest to Ratify Charter

With Britain's ratification on Aug. 23 of the United Nations charter, it became a possibility that enough nations will have ratified the charter by late October for the first plenary session of the World Security League to be called at that time, the Associated Press reported from London, Aug. 24, and continued:

There was a general feeling in London that virtually all the countries will have approved the 50-nation pact by late fall. The next wave of ratification decisions is expected from Latin-America. The process has been retarded in some of the nations formerly occupied by the Germans, says the Associated Press, because of the necessity of reinstituting their legislative bodies. Thus ratification in Belgium and Norway must await the parliamentary elections in the fall. Holland may ratify earlier, since an emergency Parliament would have authority to do so. Czecho-Slovakia may be in a position to ratify within two months.

The preparatory commission, whose executive committee has been sitting in London to make ready the inception of the new organization, has been operating on the assumption that the new organization will come into being in October. When 28 countries have ratified, the committee will call the representatives of all 50 nations into session as the full preparatory commission. This group will set the date for the opening assembly meeting.

Advices to the effect that discussions of plans for the first full dress session of the United Nations General Assembly was on the agenda of the Preparatory Commission on Sept. 11, with Russia, China and Brazil supporting American belief that a Constituent Assembly could meet in November and the Full Assembly on April 25 were contained in London Associated Press advices on that date which went on to say:

The matter was discussed for three hours last night. Commenting on the suggestion by Edward R. Stettinius, Jr., chief U. S. delegate, Andrei Gromyko, Soviet delegate and Ambassador to the United States, said it was important and practical and that he believed it possible to convoke the Constituent Assembly in November.

Dr. V. K. Wellington Koo, Chinese delegate, said his delegation was agreed that the initial convocation should be of a constituent nature for organization purposes only. Brazil's delegate, Dr. C. De Freitas-Valle, said "it is our duty to put the United Nations organization into operation quickly."

Paul Hasluck, Australian delegate, opposed the schedule, saying there would be no advantage in establishing a "minimum assembly which would contain only representatives of countries which had ratified the San Francisco Charter." He suggested "we wait until all countries have ratified the Charter before holding this first great town meeting of the world."

Escott Reid, Canadian delegate, proposed a compromise under which the Preparatory Commission would complete its work by mid-October and call the General Assembly into session in January for both organization and "a town meeting of the world."

Mr. Stettinius arrived in London on Aug. 31 to take up his duties as chief U. S. delegate.

The Argentine Government on Aug. 8 published a decree, approved by the Cabinet Council, ratifying the United Nations Charter. A cablegram to the New York "Times" from Buenos Aires reporting this, added:

"The decree was signed by the President, Vice-President and all Ministers and Secretaries of State except the Minister of Finance, who is absent from Buenos Aires.

"The preamble to the decree states that the United Nations organization represents the crystalization of ideals that Argentina aldays advocated.

"Another decree orders the publication within ten days of the Act of Chapultepec and the United Nations Charter."

ABA on Financing Of Building Program

Announcement of the publication of a new booklet "Mortgage Loan Advances During Construction," which explores some of the problems and possibilities of construction loans to aid banks engaged in or planning to enter this field of lending was made on Sept. 6 by Ernest M. Fisher, Deputy Manager and Director of the Department of Research Mortgage and Real Estate Finance of the American Bankers Association. The booklet, he said, "does not prescribe a standard procedure for making mortgage loan advances during construction," but rather, "points out some basic precautions that must be given consideration when advances of this type are made."

In making know the publication of the booklet Dr. Fisher pointed out that banks have a potential leadership and resources which should be utilized to the fullest in the development of an orderly and adequate program of financing to meet the housing needs of our country.

In an introduction to the booklet, which will soon be available on request to Association member banks, Dr. Fisher says:

"All elements of the construction industry are looking forward with eagerness to a tremendous volume of home building in the coming decade. Numerous estimates have been hazarded of the probable extent of the postwar demand for new homes; and, although they vary widely, the greater number are in the neighborhood of a million dwellings a year for the first ten years. These are impressive figures, especially when it is recalled that the largest number of dwelling units ever built in this country heretofore in one year was 937,000 in the boom building year of 1925."

"As the institution longest established in the mortgage lending business," the booklet continues, "the banks should be in a preferred position to serve the needs of the army of home builders who will need financial assistance in the projects they are so eagerly anticipating. In the early days of peace, competition for home mortgages will be keener than at any previous time in our history. Since new building is expected to account for a large part of the market, banks must be prepared to finance new building in such a way as to meet the requirements of borrowers. An essential part of their lending programs will be the single transaction that covers both the making of advances during construction and the long term mortgage on the completed dwelling."

The booklet makes suggestions for procedure in making advances on mortgage loans during construction, and also contains a resume of the procedure and forms used by three banks with considerable experience and success in this field of lending. It is designed to be helpful to banks regardless of size or activity.

The Full Employment Bill And Reconversion

(Continued from page 1370)

plans upon sales forecasts, as do concerns in planning construction programs for a year or more in advance.

The Bureau of the Budget and the Executive Agencies make such forecasts regularly in connection with their appropriation requests. The Executive Agencies, with their growing knowledge of economic forces and their ability to make surveys of the intentions of businessmen and others throughout the country, can anticipate changes in economic conditions with increasing accuracy. These changes would be reported in periodic messages to the Congress as provided in the Bill, so that the Congress would be able to plan and carry out its legislative program on the basis of the most up-to-date information available.

The third important point, in my opinion, is that this legislation provides the mechanism to marshal all our forces and to coordinate all policies of federal agencies to bring about full employment and it provides a method for the Congress to look at all legislation from the viewpoint of its effect on full employment. This is of the utmost importance because full employment is not something we can reach by the panacea method —that is, no one measure alone will automatically give us full employment. Every operation of the Federal Government must be geared to it. There are many measures that can contribute—tax policy, social security, foreign trade, housing and construction, for example.

Must Rely on Private Business

When we talk about a program for full employment there is a tendency to think about a big public works program but clearly we must rely on jobs in private business for the overwhelming majority of job opportunities, and, therefore, we must direct our policies so that they will promote the expansion of private business. We all hope the days of make-work will never be necessary again. We must have a fundamental program if we are to achieve full employment.

One other point I think is worth stressing. Some have the impression that the Full Employment Bill in itself, when passed, will produce jobs. Of course, it will not produce as much as a single job. What it does is to fix a responsibility on the President and the Congress with respect to the attainment of full employment and provides an effective mechanism to assure that the Congress will be in a position to discharge these responsibilities.

It does not provide for federal public works programs, for federal participation in state works programs or for tax relief to manufacturers or consumers. It does not provide for governmental participation in loans or mortgages, or other remedial measures which have been advanced in the interest of full employment.

It contemplates a continuous Congressional program of determining which of these remedial measures, or other measures not yet advanced, will be most effective and desirable in meeting specific situations which tend to reduce employment. It contemplates therefore a program of continuous and changing legislation to meet changing needs.

In order that the Congress will be in a position to carry out this continuous program with maximum effectiveness, it must be furnished with the best data obtainable concerning the economic situation at a given time and the best estimates obtainable concerning the prospects for the immediate future.

The Bill places squarely upon the Executive Branch the responsibility for providing the Congress with this information, and provides for the concerted mobilization of the executive agencies to discharge this responsibility effectively.

No Interference With Private Enterprise

The President will present a program and the Congress will have the final decision as to the steps it wishes to take. That is the best possible assurance that the Full Employment Bill will not mean regimentation.

This Bill does not imply interference with the decisions of private enterprise. The Government will not tell the employer how many persons he should employ or the worker where to work. It does not put the Government into business. Government assurance of full employment means that the Government will act so as to keep the free economic system running somewhere near full production.

My task is one of redirecting from war to peace the four main resources from which the health of our economy springs: our manpower, our raw materials, our plant and equipment, and our managerial know-how. It would be a useless task if it did not have as its goal full production and employment—a high standard of living and long range stability.

Therefore, the mechanism by which we will attain our long range goal should be established now. If this is done, present policies can readily be integrated with long term measures and the new machinery can be functioning effectively by the time we have finished our immediate task of reconversion.

I hope that the Congress will adopt an efficient mechanism for mobilizing the resources of the country—both private and governmental—for the attainment of full employment and production. I believe that a mechanism such as this Bill proposes is a tremendous step toward the attainment of this goal.

McNutt Philippines High Commissioner

President Truman has nominated Paul V. McNutt, of Indiana, to a post he formerly held from February 1937 to July 1939, that of High Commissioner to the Philippines, the New York "Times" reported in a special dispatch from Washington, Sept. 6. Mr. McNutt, who has been director of the War Manpower Commission and administrator of the Federal Security Agency, is expected to leave for Manila as soon as his nomination has been approved by the Senate and he has taken the oath of office. The President stated that his task would be to expedite the recovery of the Philippines, from which the American Army has withdrawn its supervision over civil affairs. The "Times" advices also state:

Asked whether Mr. McNutt's position might extend beyond the Philippines to the Western Pacific as a whole, Mr. Truman said the law was specific in limiting the scope of the High Commissioner to the Philippines.

The office is a civil one, and so the question of air and naval bases in the Philippines is not raised by the appointment. The President, however, in response to questions at his press conference expressed confidence that this country would have bases in the Philippines, as well as on Okinawa, which defense authorities consider essential. Mr. Truman said that he had not studied the report on bases which was made public yesterday by the Navy and so could not speak sufficiently on that subject for the moment.

In announcing the appointment of Mr. McNutt, President Truman said nothing about his successors in the War Manpower Commission and the Federal Security Agency.

Truman Asks Support Of Nat'l War Fund

In letters on Winthrop W. Aldrich, President of the National War Fund, and to heads of Government departments and agencies, President Truman addressed an appeal to the American public for all-out support of the final drive for the fund for $115,000,000 as one of the best ways to further the cause of peace, care for the morale of American fighting forces and combat famine and disease.

The President's message also announced the appointment of Major General Philip B. Fleming, Public Works Administrator, as government liaison representative to the National War Fund.

The following are excerpts from Mr. Truman's letter to Mr. Aldrich, as given by the New York "Times", Sept. 9:

"We have won the military war, but are virtually just beginning the fight on famine, pestilence and general disease. And I say to you, with full knowledge of everything UNRRA can do, and everything that can be done by other instrumentalities financed by public funds, that the private agencies of the National War Fund have a special task to do that is indispensable and unique. What these agencies have done, and can do, is important out of all proportion to the relatively small funds involved.

"In no other way can the American people themselves express so clearly an intelligent sympathy and active concern in their determination that justice and mercy shall prevail in this world, with the help of every good man and woman, and with the blessing of God.

"May I, therefore, wish success in the National War Fund and all its associated State and community funds in the plans you are laying for a united appeal to a united people."

Bradford Norman, Jr., Vice-President of the Commercial National Bank & Trust Co. of New York, has accepted the Chairmanship of the New York National War Fund's Finance Division for the 1945-46 campaign, Carl Whitmore, Campaign Chairman, announced on Sept. 9, the New York "Journal of Commerce" reported.

Executive Council Meet Of U. S. Savings & Loan League to be Held in Cgo.

Decision of the board of directors of the United States Savings and Loan League to postpone until 1946 any nationwide get-together of the managers of savings and loan institutions, in spite of the October 1st lifting of the convention ban, was announced at the close of the directors' meeting in Chicago on Sept. 11. The Executive Council and some of the key committees of the nationwide organization will meet in Chicago November 29 and 30 and December 1 of this year to carry through the election of officers and directors and to accomplish other administrative functions required in the League's constitution, according to W. M. Brock, Dayton, Ohio, President. The League constitution was revised in 1942 to permit such handling of the elections in case an emergency such as the present travel and hotel space jam should develop. 1945 will be the first year that no annual meeting of managers of thrift and home financing institutions has been held since 1892, the year the United States League was formed.

Senate Group Revises Jobless Pay Bill

Broadening of unemployment compensation provisions through Federal aid under the proposed Kilgore bill was sharply curtailed by the Senate Finance Committee in the revised version on which it finished work Sept. 13, as reported by the Associated Press from Washington on that date.

The most notable provision of the measure, on which the Administration had laid particular stress, that of having Federal funds supplement State unemployment compensation payments to a nationwide maximum of $25 a week, was entirely eliminated from the bill. President Truman was reportedly reconciled to the elimination because of disclosure that more than a majority of the states have laws which would forbid the use of supplementary Federal money to add to unemployment payments made by those states.

Also removed from the legislative measure which is to be given to the Senate was the mandatory extension of benefit payments to 26 weeks in all states. Under the final version, as reported by the "Wall Street Journal" on Sept. 14 in its Washington advices, provision is made for optional extensions, at Federal cost, of state-rate payments for a 60% longer time for each worker, but in no case longer than a total of 26 weeks. In addition, any such extension must be requested by State Governors.

Before rewriting the bill the Senate committee heard views favoring both sides of the issue. Labor leaders opposed suggested compromises which were designed to avoid increasing compensation payment amounts. One labor witness, according to the Associated Press on Sept. 3, made an estimate of 10,000,000 unemployed for 15 months during reconversion, and another called current rates "slow starvation."

As the Senate committee completed a week of hearings, Senator Eugene D. Millikin, Republican, of Colorado, a member, predicted defeat for the plan in committee.

"I doubt that it will get more than half a dozen votes," he said. The committee has 21 members.

Lewis B. Schwellenbach, Secretary of Labor, also testifying before the Senate Finance Committee, according to the Associated Press, said higher pay for the jobless would be good for business and the farmer, but he proposed changes in the pending bill.

An American Federation of Labor official said Congressional action on bills to augment unemployment compensation was "overdue."

On the other side of the picture an economist, testifying against the bill before the committee on Sept. 4, according to the Associated Press, predicted that "a great boom is pending," and cautioned that "unwise reconversion and labor policies could do much to retard it."

This prediction came from Dr. Emerson Schmidt, Director of the Economic Research Department of the United States Chamber of Commerce. He told the committee that American business and individuals owned $194,000,000,000 in liquid assets last December, compared with $66,000,000,000 in 1939.

As a result of this and long pent-up demand for consumers' goods, he said, "we cannot help but conclude that a great boom is pending." He said he thought it would last "several years."

The Ways and Means Chairman, Robert L. Doughton, Democrat, of North Carolina, a stalwart of the Democratic forces, indicated to newsmen, the Associated Press stated Sept. 4, that he had parted ways with the President on this one issue. Earlier, he had told his committee that the bill "puts a premium on idleness."

When the measure as revised reaches the floor of the Senate, the Associated Press reports that Senator Kilgore, Democrat, of West Virginia, its author, plans to fight for reinstatement of the uniform $25 a week figure in the original version.

30-Hour Week Proposal Deplored by Byrd

A bill proposing a 30-hour work week for Federal employees, introduced by Senator Pat McCarran (D.-Nev.) and referred to the Civil Service Committee, has met strenuous opposition from a member of the committee, Senator Harry F. Byrd (D.-Va.), according to advices from the Associated Press, Washington, on Sept. 8. Senator Byrd declared, that "the first step in the downfall of France was the 30-hour week. America cannot become a nation of drones and maintain our future economic stability." He asserted that a 30-hour week for Federal employees in this country would result in all private industry being forced to resort to the same thing. Senator Sheridan Downey (D.-Cal.), Chairman of the Committee, when asked if he agreed with Senator Byrd that industry would have to follow if the government went on a 30-hour week, replied: "It would seem that very serious consequences would flow from it and that it would require careful study."

Senator George D. Aiken (R.-Vt.) another Committee member, told reporters he thought there is no doubt industry would have to shorten hours if the Government did. The Associated Press accounts continued.

"But I think a shorter work week is inevitable and not far away," Senator Aiken added. "Whether 30 hours is the right number, I don't know. I don't believe we can maintain full employment without a shorter week."

Senator Byrd estimated a reduction in the working hours of 3,000,000 employees from 40 to 30 weekly would cost the Treasury about $2,000,000,000 annually and would be "disastrous to the future economy of this country."

"Our debt will be approximately $300,000,000,000 when the obligations of the war are finally settled," Senator Byrd said, "and our future cost of Government will be greatly increased for years and years to come by expenditures made necessary by the war."

Would Cut Air Mail Rate

During a speech made at a luncheon at the Waldorf-Astoria, New York, sponsored by the Wings Club and the Aviation Section of the New York Board of Trade, Postmaster - General Robert E. Hannegan announced that he would ask Congress to reduce the rate on domestic air mail letters to 5 cents an ounce, according to the New York "Times" on Sept. 8.

The luncheon was in commemoration of the silver anniversary of the first transcontinental air mail. In his speech Mr. Hannegan paid tribute to legislators and pioneer pilots who initiated the air mail service, and gave warm words of praise to airlines pilots, the Army Transport Command and the Naval Air Transport Service who made possible "getting letters back and forth quickly between the home folks and the men on the fighting fronts." Said Mr. Hannegan, "From now on I want to encourage the use of air transportation for first-class mail in every way possible." Under present law, the civilian air mail rate, which has been 8 cents an ounce since March 1944, will be automatically reduced to the pre-war 6-cent rate six months after hostilities are announced officially to be terminated.

Full Employment Bill Not Enough

(Continued from first page)

wages dropped, business was held at fault. It was easier to hold business responsible for laying off men and for cutting wages than to tackle the real problem frankly and boldly.

Under our system of free enterprise, businessmen undertake production to meet an expected demand for their products. So long as they can sell their output at a price that covers their costs and leaves a fair profit, businessmen will employ all the labor they need to produce the goods they can sell. When they produce efficiently, sell a good product at a fair price and pay reasonable wages, businessmen perform their function and they are entitled to profits from their production. The businessmen of this country have shown that when there is enough demand for their output they are able to produce fabulous quantities of goods and to employ all the available labor. In performing this function, the businessmen of America are without peers anywhere in the world.

Production Dependent on Demand

But no businessman can continue to employ labor and to produce goods unless he finds a market for his output at a remunerative price. The fact is that if any businessman continued for an extended time to produce goods for which there are no buyers, he would inevitably incur such losses that he could not stay in business. For this reason, businessmen cannot assume the responsibility to keep producing goods and employing labor in the face of an inadequate demand for their products.

Clearly it cannot be the responsibility of businessmen alone to prevent unemployment. But that is not to say there is no responsibility anywhere to prevent unemployment. We cannot assume that depressions are an act of God, that they are a burden men must inevitably bear. We must face the fact that all of us have a responsibility to see that our economic system works efficiently, that there are jobs for men and women able and willing to work. When we are confronted with problems of national scope involving collective responsibility we must look to the national government, acting for all the people, to take the leadership in their solution.

We can meet this problem of full employment if we face it frankly.

The 1920's in this country was a period of expanding production. While marred by farm depression and considerable unemployment at times, it was on the whole a time of active business. But in 1929, the storm that had been gathering broke. And in the next four years, our economy was nearly wrecked.

With depression, this country seemed to be stricken by paralysis. Some influential people contended that deflation would cure depression, as if bleeding could be a cure for anemia. Their slogan was "sit-tight"; their promise, "prosperity is just around the corner." Nobody was ready to assume responsibility for dealing with the national crisis. Is it any wonder that in 1932 there were 16,000,000 unemployed, that hundreds of thousands of farms and homes were lost? The gross national product fell to $50,000,000,000, and 40% of our productive resources went to waste because there were no markets for our industries and farms.

Contrast this with 1944. In that year we produced $200,000,000,000 worth of goods and services. Despite the 12,000,000 men and women in our armed forces, we employed 52,000,000 in our agriculture, industries and commerce. In fact, we were short of labor, and we had to restrict consumption and investment through rationing and priorities. There is only one explanation of this phenomenal record of production and employment. Businessmen knew there was a demand for all that could be produced.

The lesson of the war is clear. This country can produce enough to provide all of our people with luxuries and comforts undreamed of a generation ago. We can do this if we use our productive resources; and we can use all of our productive resources if businessmen know they will find a market for their production. I have unbounded faith that American businessmen can do their job if we give them a chance to do it. American businessmen have as much vision now as ever before. Let businessmen know that they will find markets for their products and we shall see a resurgence of enterprise without equal in any country at any time.

Government's Responsibility

We have been told that we cannot afford to take measures to attain full employment. I maintain that the only thing we cannot afford is another period of mass unemployment. The people of this country are entirely right in saying that there must be jobs for all who are willing and able to work. If they do not get these jobs, then our economic system and our Government will have failed the people. Let us frankly accept the responsibility of assuring jobs for all. Having recognized that responsibility, let us promptly undertake the necessary steps to discharge it.

I would not underestimate the difficulty of the task. It means a national income of $150,000,000,000 as compared with $78,000,000,000 in 1940. It means assuring jobs for approximately 60,000,000 people as compared with 47,000,000 in 1940. It means increasing purchasing power enough to increase consumption by 50%, and to expand construction and investment by 100% over pre-war levels.

Let there be no misunderstanding as to the meaning of the word "assure." It is more than a mere pious hope—a mere paper promise to be kept to the ear and broken to the hope. It means the assumption of a definite moral responsibility. It does not, of course, mean that every individual will be led by the hand from one job to another. It does mean, as Mr. Ralph Flanders has put it, that: "The man or woman out of work has the right to expect that all responsible elements of society, and particularly the Government, will use all appropriate and effective means to assist his own best efforts in finding productive and profitable work."

Like all responsibilities, it must be discharged by fallible human beings, subject to those imperfections which are common to all mortal creatures. But to recognize our imperfections does not justify us in refusing to accept our responsibilities and to discharge them to the best of our abilities.

We have laws against murder, arson and theft. Yet we all recognize that some of these crimes go unpunished. Yet none would deny the complete responsibility of Government to prevent crime. Likewise, recognition of probable imperfections in our full employment policy cannot justify our refusal to face the task of assuring jobs for our people.

Task Difficult

Certainly, the task is difficult. But it can be done; and it can be done under our system of free enterprise. We have a unique opportunity now to establish high levels of production and employment and to take the necessary steps to maintain them. There is an accumulated demand for many consumption goods. Industry is eager to apply the newly-developed techniques to peacetime production. Construction and investment must be undertaken to make good the deficiency of the past few years. We shall certainly reach a high level of production and employment after the reconversion period; we must make sure that it is not followed by a new period of mass unemployment.

This bill recognizes that the foundation of economic welfare is the use of our productive resources. It provides for a national budget that will show the amount of production necessary to maintain a high level of employment. It requires estimates to be made of the prospective demand for this output for consumption and for investment. When a failure of demand appears to be imminent, recommendations are to be made on measures to encourage expansion and to meet any remaining deficiency of demand.

Not a Mere "Spending Bill"

There is one point I want to emphasize particularly. This is not, as many seem to believe, a mere spending bill, or deficit financing bill. Whenever there is inadequate demand, the primary duty of the Government under this bill will be to encourage an expansion of consumption and investment, the private purchase of the products of industry. For short periods, until demand is restored, investment in necessary and useful public works, planned in advance, will help prevent a serious depression. And whatever expenditure is made by the Government for such projects will be subject to thorough scrutiny under the National Budget and by the Joint Congressional Committee for which it provides. In addition, of course, all appropriations must be authorized by regular legislation and will be subject to the usual review of the appropriations committees and the Congress itself. But I say again, ultimate reliance for jobs must come from an expansion of private consumption and investment. The only solution to unemployment is to see that there are enough jobs at good wages in private industry.

Duty of Forecasting

It is plain common sense to examine regularly the prospects for employment in this country. To do otherwise would be the grossest negligence. It is elementary foresight to take measures to assure an adequate demand for the product of our people. I cannot see how the people of this country can deal intelligently with their economic problems unless they know what problems will arise and consider what must be done to meet them.

The foundation for prosperity in this country must be large and expanding consumption. That is the only way in which we can also have large and expanding investment. All of our people must have the opportunity to enjoy the high standard of living that our producing power has made possible. In my last report as Director of War Mobilization and Reconversion, I said: "The American people are in the pleasant predicament of having to learn to live 50% better than they have ever lived before." I repeat this, because unless we base our economy on this foundation of mass consumption, the structure will not be stable.

This bill is the essential first step in dealing with the problem of maintaining employment. It is a landmark, but not the end of the road. It must be supplemented by positive measures to encourage an expansion of consumption and private investment. The bill provides that "it is the responsibility of the Federal Government to pursue such consistent and openly arrived at economic policies and programs as will stimulate and encourage the highest feasible levels of employment opportunities through private and other non-Federal investment and expenditure." The success of this bill will depend largely on these measures for expanding consumption and investment. I believe these measures should be taken promptly, while we are converting our economy from war to peace.

I shall not discuss in detail the measures that should soon be taken to implement this bill. On July 1, 1945, in my report to the President and Congress on post-war economic problems, I gave briefly an agenda showing the major points for an economic charter for high levels of employment with a steadily rising American standard of living. I want to summarize this nine-point agenda:

A Post-War Program

1. **Taxation**—A complete modernization of tax laws to help achieve stable high levels of employment and production.

2. **Small business**—A program to foster small business and encourage the birth of new business.

3. **Competition**—A fair, vigorous anti-monopoly program because competition is a keystone to our free society.

4. **Labor, Management, and Wages**—Measures to reduce industrial strife, the broadening of the minimum wage laws and the encouragement of a high wage policy by business.

5. **Foreign Trade**—The breaking down of artificial barriers to trade and positive measures to encourage world trade.

6. **Social Security**—The broadening and expansion of unemployment compensation, old-age pensions, health and education programs of Federal, State, and local Governments.

7. **Farm Program**—Measures to assure the farm population an opportunity to enjoy the same standard of living, health, and educational facilities as the rest of the American people.

8. **Public Works and Construction**—A long-term program of public works tied in with the Government's fiscal policy, and a program to encourage far greater volume of private construction for housing than we have ever had in the past.

9. **Fiscal Policy**—A fiscal policy aimed at maintaining the economy at or near full employment, and coordinating all Government programs that have either an inflationary or deflationary effect.

After this bill is enacted, consideration should be given promptly to furthering its objectives through measures along these lines.

The enactment of this bill, when supplemented by concrete measures, will give confidence to business, labor and agriculture. It will give businessmen confidence to go forward with their plans for new investment and for expansion of production. No less important, it will give confidence to workers and farmers and facilitate the expansion and growth of consumption which must be the foundation of our post-war economy.

Next to the maintenance of peace, this is the most solemn and sacred obligation of our great democracy. Unless we meet this obligation, the liberties of our constitutional system are insecure, the dignity of our people is endangered, and the sacrifices of our heroic fighting men may be set at naught. If we proceed boldly and firmly to meet this challenge, I look forward to our unparralleled realization of the rich promise of a prosperous, a secure and a free America, leading a prosperous, a secure and a free world in paths of peace and plenty.

WMC Surveys Peacetime Job Opportunities

The War Manpower Commission sets as a peacetime goal 14,000,000 people employed in factory jobs, which was the number on factory payrolls in the record peacetime year 1941 as well as on Aug. 14 this year, when Japan surrendered. Although many have lost jobs since that date and millions more are expected to be laid off from war plant employment, the WMC looks for this goal within the next few months, the Associated Press reported from Washington, Sept. 4.

The WMC report, which was prepared after Japan's surrender and has been used only inside the Government, estimates that perhaps 4,000,000 persons will lose jobs in the next six months. The agency indicates that the task of making and finding work for millions of newly laid-off workers and returning veterans will "tax the energies of management, labor and Government for many months."

Further conclusions brought out by the WMC, according to the Associated Press, were:

"The major war industries—aircraft, shipbuilding, ordnance, communications equipment, Government—are in the midst of releasing nearly 2,500,000 workers in the 60 days after victory.

"Aircraft plants will let go 1,000,000, shipbuilding 350,000, ordnance 800,000, communications equipment 100,000, and Government establishments 100,000.

"This shock displacement will be followed by a continued drop of over 300,000 more by February in shipbuilding and a heavy pruning of War and Navy Department civilian workers throughout the country."

WMC concluded that the total, considering chemical and metal producers as well, might mean 4,000,000 would lose war jobs in the first six months of peace. This would occur while Army and Navy return men to the labor market at 500,000 a month or more.

The report forecast in some detail the impact of victory on major war industries. It also scanned the prospect of job expansion in some big peacetime industries, without offering any total.

Davis Leaves OWI

President Truman has accepted the resignation, effective Sept. 15, of Elmer Davis as head of the Office of War Information, with words of praise for the manner in which Mr. Davis had conducted the work of his office. The OWI is to be liquidated Dec. 31, and until that time Neil Dalton, now director of the agency's domestic branch, has been appointed by President Truman to be acting head of the entire OWI, according to a special dispatch to the New York "Times" from Washington, Sept. 12. In his letter to Mr. Davis, President Truman said in part:

"Of course, your work is done and your wish to return to your own pursuits is a natural one. I cannot release you, however, without reiterating what I have previously said: the OWI made an outstanding contribution to victory. This has been recognized by our military commanders. Your work in other fields has been widely and justly acclaimed. Under your wise leadership the American people were kept fully informed concerning their Government's war-time programs.

"It is my firm conviction that you deserve the thanks of the nation for a job well done. Although you are returning to private life, I trust that we may feel free from time to time to seek the counsel which you can give us out of your wisdom and your experience."

Autonomics and Economics

(Continued from first page)

an uneconomic imposition of obsolescence on prewar capital. Hence prewar capital should not be asked to compete with war-produced efficiencies.

This does not mean that the neoteric capital should not be used. It does mean that owners of the capital thus made obsolete should be compensated for the loss due to obsolescence, so that, for example, Henry Kaiser could not bid on the government steel mills of the west against companies previously operating less modern mills that were not obsolete before the war, without a handicap represented by the compensation mentioned above. Prewar operators should be enabled to recover their prewar competitive position; otherwise "widows and orphans" who may have absorbed title to prewar capital with their savings will clearly be dispossessed and, whatever may be said against the "forced saving" by which the capital was formed which they now own, their dispossession could not be called "contractual (commutative) justice" any more than similar dispossession of other owners, by earlier innovations via bank credit, can be called competitively just. Two wrongs do not make a right; and we cannot go back and undo injustice that has been done to or for millions of citizens who have become owners or have been kept from becoming owners in the past, by "forced saving."

All this, of course, is quite aside from the inflation of construction costs by the New Dealish policies that have been carried over into financing the war. But if competitive bidding is not resorted to there is no warrant for discounting this inflation for one side (Kaiser, on the Fontana plant, for example) without similarly subsidizing any equivalent modernization which competing companies may undertake at the wage and other cost levels which have emerged from the war.

The problem of interest on investments cannot, as becomes clear from these practical applications, be separated from the problem of ownership and private property in free competitive enterprise and reduced to a doctrinaire question of "rigid contractual (commutative) justice" which only "concerns specific obligations between persons," as in contracts which happen to involve monetary loans. Not only is it to be noted that the moral obligations of a contract cannot be fulfilled with unstable money which distorts the real rate of return paid or received, but, startling though it may seem to say so, the concept of "social justice" which Father Dempsey seeks (Commercial and Financial Chronicle, Feb. 22, 1945) to set apart from "cummutative justice" is communistic and inconsistent with his criticism of Russia where, with saving and investment made government monopolies, "no one was permitted economic security except on the State's terms" and "the benefits and the costs are still uncorrelated." **Competitive** capitalism — **private** property — makes it certain that costs cannot—as they should not—be correlated with value and income except on the basis of **caveat emptor** in incurring costs. For costs (savings) do not fix values (form capital) unless they meet and overcome competing costs.

Let us flatly deny the existence of, or need for, any effective "social equivalent" for the rewards of intelligent initiative and effort, by which to fulfill "the great and often neglected obligation of all members of the community to contribute positively to the community, which they need for their own maintenance and development." How does Father Dempsey think this scarcely conceivable community "obligation" can be assured of fulfillment if not by competitive rewards through consumption, not according to need, nor according to work (time employed), but according to contributions of value regardless of need or of costs incurred? By doles out of taxation (or inflation)? How could justice be maintained—by whose independent (?) judgment—in such a system of robbing Peter to pay Paul? Re-distribution should be privately, not publicly, inspired and enacted; and there should be much less occasion for such charity than there is.

Accounting Sophistries

That which must needs be expunged from modern society is the occasion for the constant attempt to interfere and re-distribute wealth politically. On this score the National Tax Equality Association can take no little satisfaction in the recent winning over of the Cooperative League to advocacy of repeal of all tax exemptions favoring cooperatives, along with repeal of all corporation income taxes. (See remarks of Hon. H. Jerry Voorhis, in Congressional Record, cited above.) It is well, too, that the cooperatives have been put on the defensive with respect to the whole idea of attempting to camouflage profits, that is, property incomes, by a sort of double-cross in accounting called "patronage returns."

Any cooperative, or any corporation—chain stores and mail order houses, for example—that can competitively by-pass "profits" in the form of commissions or excessive wages and salaries, or any other non-competitive imposition on the economy, should have the blessing of the community; and damned be him who tries to subsidize or to tax this result or otherwise engage in political meddling in the "class war" to favor farmer, laborer, cooperative consumer, or small business man, or any other pressure group, including investors. But let no one try to tell us that under the system of accounting called "patronage returns" the cooperative has no income—taxable on the same basis as that of competing corporations — provided the cooperative owns or controls property of value similar to that of the corporation. Nor let it be said that the "patronage return" is a fair or just or wise system of distribution of the income from the property owned. What the cooperative does is to divide such income, not among those patrons who were assessed and as they were assessed at the time of the investment, but among those who currently control other property, outside the cooperative, of a size which determines their "patronage" in the cooperative. (A description of one outstanding development of "big business" along this line is given in "Fortune" magazine for August.)

To be sure, maintenance requirements are presumably assessed proportionately against those who are actually using the cooperative property (owned or rented) as in any other system of pricing by a business. In many cases, however, maintenance is a small current factor (with land, there may even be capital gains from the "unearned increment" of rent), so the chief current cost is interest on the investment in case it retains its original value, i. e., does not become obsolete and incur a capital loss to the extent that depreciation reserves may have been disbursed in maintenance and are not available for renewing investment. But in no case does the cooperative allow interest or allocate capital gains and losses to any patrons in proportion to their investment. The assumption is that such returns are "speculative" evils which the non-profit "cooperative" system does away with. In fact, however, it eliminates them only by sophistry in accounting.

Thus only the cooperative that is strictly non-proprietary, and rents all the land and equipment it uses, can definitely evade this problem in capital accounting and properly make "patronage" returns and assessments that are applicable to wholly current expenses. By renting, obviously, the profit-and-loss problem in capital values is left to be ironed out in other individual or corporation accounts. The cooperative can avoid being a monopoly itself and engaging in the nefarious business of taking the risks and profits thereof, only by owning nothing and developing nothing of any capital value, such as patents or natural resources.

Incidentally, there can be no "profit-sharing" with labor as a **productive** factor, when the sharing is all done in the form of "patronage returns" to labor as a **consumptive** factor. This non-profit (?) "cooperative" system of disbursing income by price-cutting must therefore be viewed as a way of avoiding the assessments, not of the tax collector only, but also of the wage-collector or union organizer whose "collective bargaining" consists in forcing wages to absorb every advance in "labor-hour productivity" whenever it begins to show up in industrial profits. So the organizers of consumers (to undercut prices) and producers (to overcut wages) may soon be found at each other's throats quarreling like jackals over the carcass of property rights!

For the cooperative which does acquire property, this attempt to avoid any undisbursed income must result in avoidance of the expense of research and a clinging to obsolete equipment, with failure to keep up with the competitive procession in developing capital gains while running all the risks of capital losses due to obsolescence, which cannot be covered by reserves retained out of "patronage returns." No one can foresee or regulate the timing of scientific innovations in their effect on capital values, and sooner or later any cooperative, which labors under the illusion that it can keep its property accounts current, will find itself suddenly involved in losses which it cannot allocate at competitive prices. Or, if it holds lands, it may even have gains which, if it does allocate them currently to patrons, will reduce its charges by "returns" which cannot be recovered from the same patrons at times when capital gains turn into capital losses. Those who are "patronized" when the cooperative is gaining capital, if any, are lucky dogs, for they can do a little profitable speculating by letting the suckers be "patronized" when capital losses are developing.

Speculative risks such as those of the stock market, cannot be eliminated by "cooperation"; nor is there any reason, consistent with progress, why they should be.

The simple fact is that business accounts cannot be kept on a purely current-expense basis, without speculative capital gains and losses, unless and until the whole system of private property is written off—which is humanly impossible if retrogression and tyranny is to be avoided and progress assured. That is the fallacy behind the whole theory of income taxation—the idea that "ability to pay" can be measured in terms of current net income. It has led to wholly unfair, not to say at times scandalous, makeshifts in dealing with capital gains and losses, which tend strongly to prevent the full stimulus of competition in and to industrial ventures, especially when taxes are applied directly to corporate rather than to individual income.

"Only an old tax is a good tax"—fair because its effect on prices has been competitively discounted in the market. So the good old, reliable land tax is the sure way to tax the unearned and readily payable incomes of those whose holdings are presumably protected from trespass by the government the taxes sustain. This basic position of government in both war and peace implies that the ultimate right of possession resides in the State and that individual titles may be revoked for failure to pay taxes. Canberra, Australia, is said to have brought this principle to bear on free enterprise competitively by discarding the common method of assessing valuations and making the amount payable dependent upon competitive bidding. Within the limitation that this might unduly restrict incentives unless tenure were given some arbitrary degree of permanence comparable to patent monopolies, this seems more consistent with the automatism of a freely competitive market than is a politically controlled board of assessment having more or less autocratic powers. The inheritance of landed estates would then in some degree depend on the ability of the heirs to manage them.

The Patent Period

But why confine this competitive tax idea to land patents? Why not apply it to inventions? After the arbitrary period of monopoly granted by law, why not retain royalties as a source of competitive tax revenue as long as the patent is not obsolete? What better way of taxing ability to pay? Is not this better than the lip-service rendered individual initiative by those backers of the National Science Foundation (specifically Senators Kilgore, Johnson, and Pepper in Senate Bill No. 1297) who are proposing virtual abrogation of private patents in favor of government licensees who are to be defended in court by the Department of Justice if they infringe on patents granted to privately financed inventions?

The relation of obsolescence to income and its protection by legal monopoly has not been well considered in setting an arbitrary period of 17 years on patents. The assumption that an invention of value capable of producing income, can and should do so within a severely limited time—almost at once — overlooks the fact that modern machines could and should be made more economical by wearing longer. If they could be displaced only by degrees, from savings, and not by "new industries" financed unjustly and unwisely by inflationary extensions of bank credit (a function taken over with little or no advantage by the State in the "planned" economy)—if such wise financial restraint prevailed the inventor could not (and should not) be granted a monopoly of much value, in case of anything but the most ephemeral gadgets, and still confine it within the present 17-year time limit for its profits. Great industries cannot be ephemeral and economical at the same time; the optimum in durability of productive equipment cannot be attained under a system of finance and patents set to force innovations into use regardless of the factor of durability as an economic consideration. An improvement that should return a small fortune to the inventor can get him nothing if he must reveal it when devised and then lose his monopoly before the big fortunes involved in the durable equipment to which it is applicable can be amortized, that is, before depreciation reserves can be accumulated, in savings out of the gross (not net!) income produced, by the gradual process imposed by great durability as against the saving afforded by the innovation. (See 6th par. under "A Supra-Classical Theory of Saving.")

Why subsidize only impermanence, and encourage only the most ephemeral gadgets priced by flimsy construction, i. e., by low first cost, as the means of retrenching the cost of maintenance? Why not allow the application of a patent to be held in abeyance awaiting a specified time when royalties from the monopoly may be expected to accrue? Under the present system the inventor is notoriously helpless if his idea is applicable to highly durable and expensive equipment (building equipment, for example). The manufacturers or users of such equipment have only to bide their time and take over the idea when the patent runs out. They can have no economical use for it before that time, and will buy it, often at undue discounts, only for the purpose of preventing competitors from acquiring it against the day when it can be economically applied—if that day ever arrives before some other idea has displaced it. The development of patented inventions, particularly by the inventor, is therefore seriously impaired because the patent period is unrelated to the economics of innovation and obsolescence. The corporation, interlocked with banking directorates, is thus in complete control of the "credit" system by which inventions can be effectively financed. Anti-trust laws are no remedy.

Conclusion

Theory without practice is futile; but practice without theory is worse than futile. In the complexities of modern life such practice is rather certain to be unscientific and confused. "A faulty theory, widely taught, is sure to bear fruit in bad action."

An economic theory which presents a really objective concept of interest and capital has a very broad applicability which does not appear at once obvious, particularly to a public seriously misinformed as respects the existing institutions of the financial world.

For these reasons it has seemed necessary to follow up the development of theory that has been presented in the "Chronicle" (in articles on "A Theory of Interest" and "When and How Do Figures Lie?") by indicating its specific applicability to current arguments in both politics and economics. To straighten out the problems of pricing in which Lord Keynes has found a "haze where nothing is clear and everything is possible" — a haze in which communism is so obviously implied—some caustic references to monetary aberrations have been necessary in clarifying the underlying mathematical problem of valuation in competitive enterprise.

Applying this theory to savings and private property, and to refuting once and for all the whole idea of cost as the basis of value, is a matter of developing a system of accounting that is relatable, not to costs, but to a speculative market. This is difficult in the face of unstable money and widespread disagreement and incompetence in monetary theory; but the theory presented has been shown specifically applicable to the case of fallacies involved in cooperatives with their "patronage returns," to problems of current interest in capital accounting relative to obsolescence, and to policy in patent law amendment and in taxation of income.

Perhaps, in closing, we might transpose the observation of Pareto, as to its interrogative and affirmative, and say: Underneath the actual prices on the exchanges, prices varying according to the exigencies of time and place and dependent upon an infinite number of circumstances, there **is** something—an order of objective, physical values—which **does** have constancy and **is**, in significant degree, invariable. Could there be any other possible solution of the pricing problems which political economy has failed to solve?

Snyder Report on Reconversion

(Continued from page 1370)

ment. Strikes must be held to a minimum.

A Test For America

This task will be a test for all of us. Labor has a vital share; so has management; so has agriculture; so has the general public. The government, as the representative of all elements of the public, will do its part to assist and encourage this great co-operative effort toward prosperity.

We already have gone some distance toward shifting our resources to peacetime purposes. In the three months since the victory in Europe many plants have been released wholly or in part from war contracts. Some peacetime manufacure has already recommenced. Greater reconversion was not possible because the demands of total war in the Pacific limited the number of plants, the amount of materials and manpower that could be made available for civilian production.

Now we no longer have any major-war requirements to prevent our energies being directed toward peacetime prosperity. The moment of great challenge and opportunity is here.

The next few weeks and months we shall have many decisions to make. We cannot make millions of job shifts, cut off billions of dollars in war contracts, radically change the character of our national output without meeting many unexpected situations. Our basic policies are set. Our strategic objectives are clear. We must be prepared, however, to change and adjust our tactics to meet new problems and take advantage of opportunities as they arise.

The Reconversion Team

To assure that the government can move with the maximum freedom and effectiveness, the Office of War Mobilization is working closely, day by day, with the war and reconversion agencies. It is clarifying procedures and pulling into close alignment the decisions and actions which affect our economy as a whole.

My predecessors, Secretary Byrnes and Secretary Vinson, inaugurated meetings with the heads of the various war agencies in order to formulate policies and to plan and prepare for reconversion. I have continued these meetings regularly and, in addition, have established a reconversion working committee of deputies from the executive agencies to insure that the full efforts of the government are thrown, as a team, into this important task.

I do not minimize the task ahead, but I am confident of the outcome. The American people have overcome the problems of war. It is unthinkable that we should not overcome the problems of the peace.

We know that for a period we shall experience sharp unemployment. This is the inevitable result of men and women being released from war work and the armed services faster than it is possible for business to re-employ them.

But we are not going back to long periods of mass unemployment. Labor is determined, business men are determined, farmers are determined, the man in the street and his government are determined that we shall put our productive capacity to work producing goods and services for peace. And we shall need these goods, for we have a pent-up demand at home and abroad that together will tax for some time our capacity to produce.

None of our economic planning would be complete without special recognition of the urgent needs of the liberated areas. We must play our part in supplying the minimum requirements to assist these countries to get back on their feet, not only to preserve peace and order but so that once more they can take their place as suppliers and customers in a prosperous world economy.

Our goals will not be reached in a week or a month. But we are taking the first steps toward them. This report makes no attempt to picture a complete program. There is no place in our free economy for a maser blueprint which will rigidly prescribe each move at every turn of the road. Nevertheless, careful plans have been laid by various agencies of government under the guidance and direction of the Office of War Mobilization and Reconversion. They will be revealed by the heads of agencies and by the subsequent acts of these agencies as the nation proceeds to unwind its wartime economy and to switch to peacetime production.

The Office of War Mobilization and Reconversion is determined to pursue a positive and vigorous course to achieve peacetime prosperity, just as it has in the winning of the war. This interim report sets forth the principles that will guide us in the reconversion.

I. Military Contracts

All military contracts are being terminated immediately, except those required for experimental and development purposes and for the maintenance and supply of the armed forces. The War Department is taking immediate action to cut its procurement of aircraft, artillery, ammunition and other weapons by 94 to 100%. The largest continuing item in Army procurement will be in food and this will be cut as fast as demobilization will permit. Navy reductions wlil be smaller and more gradual.

II. Demobilization

Demobilization from the armed services will return at least 7,000,000 men to civilian life within the next year. At present, the Army is demobilizing at the rate of 170,000 a month. Within several months, the rate is expected to reach 500,000. The Army will demobilize on the same basis as formerly, releasing first those men with longest combat service and greatest number of dependents. The Navy plans to demobilize some of its personnel, almost immediately. Both the Army and the Navy will continue to draft, on a reduced basis, some men to replace those of longer service. The Congress will decide on peacetime draft policies when the "cessation of hostilities" is declared.

III. Unemployment and Manpower

All controls over manpower are to be removed and the compulsory 48-hour week ended at once. The United States Employment Service will devote its best efforts to finding jobs for displaced workers and veterans and assisting claimants for unemployment compensation.

Unemployment currently is estimated at 1,100,000 persons. This represents the total without jobs on a given day, many of them being persons "between jobs." This total of unemployment is expected to rise to 5,000,000 or more within three months; perhaps to 8,000,000 before next spring, as those released from war jobs are joined by large numbers of men discharged from the armed services. Many of the unemployed will find new jobs within a few weeks—others will face the extended periods without jobs.

IV. Production and Distribution Controls

Many production and distribution controls will be removed at once. Only those will remain in force which are essential for expediting production, breaking bottlenecks, preventing inventory hoarding, and assuring economic stabilization. Rationing of certain scarce commodities must continue for a while. Restrictions on others will be lifted immediately. Transportation regulations must continue temporarily. How long controls are continued depends on how much and how quickly business can expand its output.

V. Price and Wage Controls

For some period of time the dangers of inflation will be with us. There will be more demand for many kinds of goods and services than business can supply. As long as some materials and products remain seriously short, price ceiling on those materials and products must be maintained as a barrier against inflation. Rent controls, also, must continue. While price and rent ceilings remain in force, wage stabilization must be continued. Wherever price ceilings will not be endangered, collective bargaining will be restored. Wage and price increases will be allowed to correct sub-standard pay scales, to relieve hardships of individual workers and enterprises and, where necessary, to stimulate increased production.

VI. Legislative Program

In order to speed reconversion and to mitigate the extremes of hardship during the transition period a number of legislative enactments are needed. These include increased unemployment compensation benefits, revision of the fair labor standards act to increase minimum wages, tax program to stimulate production and to maintain markets, appropriations for the planning and execution of public works, adequate appropriations for the United States Employment Service and retention of this service under Federal control during the interim of transition.

Fall & Winter Program of La Salle Street Women

The fall and winter program of La Salle Street Women has been announced by Miss Florence Meves, President. The membership consists of women employed in financial organizations, and the officers are: Florence M. Meves, President, A. G. Becker & Co, Inc.; Laura M. Reinebach, Vice-President, E. H. Rollins & Sons Inc.; Florence Page, Recording Secretary, Security Supervisors, Inc; Elizabeth Norse, Corresponding Secretary, Sheridan, Farwell & Morrison, Inc.; Madge Burns, Treasurer, Hornblower & Weeks.

In addition to the regular dinner and luncheon meetings, new activities will include discussion groups on timely subjects. The program for the regular meetings schedules the following speakers of note in finance and general business: Mr Phil Hanna, Chicago "Daily News"; Miss Alva Lowrey, interior decorator; K. H. Tseng, Chinese consul; Dr. Melchior Palyi, consulting economist.

Brownlee Leaves OPA

Price Administrator Chester Bowles has announced that James F. Brownlee, Deputy Administrator for Price of the Office of Price Administration, has resigned and will be replaced by Jerome M. Ney, formerly director of the Consumer Goods Price Division, with Geoffrey Baker, formerly director of the Food Price Division, as Associate Deputy Administrator for Price.

Mr. Brownlee's resignation, forced because of ill health, came as a serious blow to OPA, the "Journal of Commerce" reported from Washington, Sept. 4, particularly since he played an active part in reconversion pricing, now getting under way. Since his appointment in 1943 he has played a major part in shaping OPA policies and participated in OPA-industry meetings affecting numerous industries.

From Washington Ahead Of The News

(Continued from first page)

ditions are even worse than painted. There was a charge by a Senator, for example, that carloads of stuff which we had sent into Rumania had fallen into the wrong hands. When he investigated, it turned out that we had no one there to receive the shipment at all. All the while, the Russians seize our food trains, even kill American boys guarding them.

When UNRRA was first up before Congress, a potent argument was that we were being much smarter than last time. Then, under the Hoover relief set-up, we footed the whole bill. This time, the other nations were to contribute their proportionate share. It turns out that they aren't putting up their proportionate share in the first place, and when they do put up anything, it's with money they've gotten from us. But by being "contributors" they are in on the management.

When returning newspapermen who served with the Army Transport Command in China, hear of my UNRRA friend's plight, they shout with glee and say: "Wait until you hear what went on in China." They tell glibly of incidents whereby we were flying thousands and thousands of automobile tires across the Burma hump at the cost of American lives, and they would no sooner be landed than they would be seized by a provincial governor and turned to his own use, even to the point of putting them on ox carts, and inflating them with sand instead of air.

But on the post-war home front the picture is just as sordid, and aside from the clamor to bring the boys home, following right in the pattern of post-World War I. Then, in the period of readjustment, the railway shopmen went on strike, which at least accentuated the depression of '21 and '22. Now, the labor leaders in the automobile industry are calling strikes and moving in that direction in the steel industry. In the case of the railway shopmen's strike, the workers had no chance to win. There are many, even professed "friends" of labor, who think now that the automobile and steel labor leaders must be crazy. Just a few weeks ago they were down here shouting to the skies about the tremendous unemployment problem that was developing. On the radio the calamity howlers made so much noise that a reaction against them set in. Now, these same elements are adding to that unemployment. It is a study in human nature.

To oversimplify a serious problem, there are many observers who believe the automobile and steel management, while not seeking this situation, are nevertheless of the mind that it might be a blessing in disguise. Throughout the war their plants have been loaded up with riff-raff and malcontents. The union has been insisting that they are employees of established seniority. The strikes now may prove a way to get rid of them. Certainly, if they are prolonged, the veterans will be available in increasing numbers. They have the talents and the energy which these manufacturers want. And they aren't likely, when they want jobs, to be held back by union picket lines. The fact is inescapable, however, that the disturbance is holding up reconversion.

There is a hysteria among the automobile labor leaders. They have been rent by factionalism throughout the war. Their organization has been held together by the Government. Now the period of "maintenance of union" decrees is coming to an end. These have abundantly supported the labor leaders in their factionalism. But it is going to be a horse of another color now. The automobile industry is facing a tremendous shift in personnel. The "oakies" are going back to Oklahoma. The AFL and John Lewis' District 50 are looking for members among the new crowd. The CIO leaders, unable to iron out their jealousies, can't think of anything except to create more chaos. The situation is moving so fast that they can't say how many members they have. They speak of boycotts. Unemployed workers can't effectively boycott anybody. It is the old question of when a "leader" or a dictator is in trouble, start a war. No telling what will come out of the melee.

Result of Treasury Bill Offering

The Secretary of the Treasury announced on Sept. 17 that the tenders of $1,300,000,000 or thereabouts of 91-day Treasury bills to be dated Sept. 20 and to mature Dec. 20, 1945, which were offered on Sept. 14, were opened at the Federal Reserve Bank on Sept. 17.

The details of this issue are as follows:

Total applied for, $2,093,607,000.

Total accepted, $1,306,649,000 (includes $54,560,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(57% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 20 in the amount of $1,305,337,000

Ethiopia-France Pact

Under date of Sept. 8 United Press advices from Addis Abbaba (Ethiopia), published in the New York "Times" said: "The Ethiopian Foreign Affairs office announced today that an agreement had been reached with France settling differences between the two countries on the exact demarcation of the border between Ethiopia and French Somaliland.

"The communique also announced the signing of an agreement providing for negotiations on the French-Ethiopian railroad from Jibuti to Addis Abbaba so that the road could be operated without prejudice to concessions previously granted.

"The settlement of the border mainly involved the Afambo district, where the Italians, during the occupation of Ethiopia, had built roads on territory the French claimed was theirs. The railroad previously had been run by the British Military Administration.

Ends Nurse Recruiting

President Truman has ordered Surgeon General Thomas Parran to end the program for the training of nurses by the United States Public Health Service, with immediate discontinuance of recruiting of student and graduate nurses. Regarding the ending of the training program which began two years ago, the President stated, according to a special dispatch to the New York "Times" from Washington, Sept. 8:

"It appears that it will not be necessary or in the public interest to continue to initiate training courses for this program after Oct. 15, 1945, for the purpose of assuring a supply of nurses for the Armed Services, governmental and civilian hospitals, health agencies and war industries.

"I therefore request you to terminate the recruitment of student and graduate nurses immediately and to see to it that no students are enrolled in courses which begin after Oct. 15, 1945."

Steel Operations Increased – Order Volume Slightly Lower – Most Deliveries Extended

"With order volume slightly lower than a week ago, but with deliveries on most steel products extended into 1946, the steel industry this week was able to advance its ingot rate three points to 83.5% of capacity, states "The Iron Age" in its issue of today (Sept. 20), which further adds:

"The epidemic of strikes in progress this week with more to come may result in so heavy a drain upon workers' savings that the expected post-war consumer buying bubble may be deflated somewhat in the beginning at least.

"Current management-labor conditions have all the earmarks of a knock-down dragout fight and the action of most unions in adopting an uncompromising attitude in their demand for a 30% increase, apparently means a last ditch fight to obtain the equivalent of a wartime pay for a 40-hr. peacetime week.

"Some way, it was said, will have to be found to get around the paradoxical Government policy announced recently that no wage increases could be given if they were to result in a price increase. The brunt of this peculiar statement rests upon industry, since most of the unions have and are expected to ignore it.

"While the automobile industry seems to be the one destined to feel the first effects of the militant CIO drive for higher wages, the steel industry may not be far behind. The same general policy which has dictated the union automobile wage conditions encompasses all other CIO affiliates among which is the United Steel Workers of America, which is to meet with steel companies soon on the request for a $2 a day increase.

"Steel companies which now have before the OPA a request for higher steel prices in order to offset the expected losses because of war contract cancellations are being caught in a squeeze play between the union demands and Government policy that no wages may be increased if such action should require higher selling prices.

"Lower net prices to steel consumers near point of steel production, possible decentralization of industries, rougher competition among steelmakers and selling disadvantages to steel producers far removed from dense manufacturing centers, are a few of the results which will ultimately follow the steel industry's move now underway toward more and more basing points. Many steel products made at locations which are not now a basing point for such items will, in the future, be based at or near the point of production. This action when it comes, it was said, will represent a fundamental change in the basing point system in the steel industry and follow somewhat the pattern begun in 1938 when a multitude of new basing points were established.

A tug of war has developed between WPB officials and the lead industry as to whether lead control should be relaxed or tightened. The industry is questioning the need of maintaining a stockpile approaching 70,000 tons now that the war is over. On the other hand WPB claims that a loss of some foreign supplies would require such a surplus to balance uncontrolled demand.

"Despite an invitation from RFC to rebid on Geneva Steel's plant near Utah for private post-war operation, the United States Steel Corp. is understood to have washed its hands of the plant and will not reconsider its position stated a few weeks ago when it decided to withdraw from the list of potential operators. According to the contract between the corporation and the RFC the plant may soon be closed down since the original commitment called for a shutdown 90 days after the end of hostilities."

The American Iron and Steel Institute on Sept. 17 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 83.2% of capacity for the week beginning Sept. 17, compared with 80.3% one week ago, 69.9% one month ago and 95.3% one year ago. The current rate represents an increase of 2.9 points or 3.6% over the preceding week. The operating rate for the week beginning Sept. 17 is equivalent to 1,523,900 tons of steel ingots and castings, compared to 1,470,800 tons one week ago, 1,280,300 tons one month ago, and 1,714,300 tons one year ago.

"Steel" of Clevland, in its summary of the iron and steel markets on Sept. 17 stated in part as follows: "Steel backlogs are increasing rapidly, with schedules in some lines, especially light flat products, becoming almost as extended as they were before the end of the war.

"Some early gaps are appearing in mill schedules, even in products most in demand, as cancellations and readjustments continue. But in general deliveries are increasingly tight, in some instances several months away, some sheet producers quoting February and March. Some carbon bar sellers are out of the market for this year. Merchant pipe, shapes and some wire specialties, among others, also reflect the strong upsurge in civilian buying.

"Position of some mills is tighter because of MM tonnage. Most of this was booked originally under CMP ratings, especially for shipyards, and general opinion is that a relatively small tonnage of this character will come out. Few CC ratings, representing urgent civilian needs, have been issued and there is increasing confidence that these will be used sparingly. Concern in some quarters that possibly entire industries might be put on such a rating has been completely eliminated by assurances from Washington that such will not be the case and that CC rating will be used only in individual cases in breaking special bottlenecks, and only as a last resort.

"While some sellers of carbon bars are practically sold for the year tonnage still may be obtained for late November and December, in cold-drawn as well as hot-rolled.

"Shape schedules are extending to the point where some producers have little to offer before December. Structural activity is increasing materially, with fabricators practically forced to choose tonnage for figuring because of shortage of estimators and draftsmen. Practical capacity of shape mills is estimated by some authorities at about 5,400,000 tons annually, compared with about 4,600,000 tons when civilian pre-war demand was at its height. Present estimated capacity would be at 450,000 tons per month, well in excess of production in war years and also of the better peacetime years.

"An important market development is establishment of new basing points on stainless steel products, now covering practically all producers and all plants. This will be in effect a reduction in price of stainless steel from all mills except those in the Pittsburgh district, which formerly was the only basing point."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Sept. 18	121.97	115.82	120.43	118.80	115.82	108.70	112.00	116.02	119.61
17	121.97	115.82	120.63	118.80	115.82	108.52	112.00	116.02	119.61
15	121.98	116.02	120.84	118.80	116.02	108.70	112.19	116.22	119.61
14	121.98	116.02	120.84	118.80	116.02	108.70	112.19	116.22	119.61
13	122.00	115.82	120.84	119.00	115.82	108.52	112.19	116.22	119.61
12	122.00	115.82	120.84	118.80	116.02	108.34	112.19	116.02	119.41
11	122.03	115.82	120.63	119.00	116.02	108.52	112.19	116.02	119.61
10	122.06	115.82	120.63	119.00	116.02	108.52	112.37	116.02	119.61
8	122.09	116.02	120.63	119.20	116.22	108.52	112.37	116.02	119.61
7	122.09	116.02	120.63	119.20	116.22	108.52	112.37	116.02	119.61
6	122.09	116.02	120.84	119.20	116.02	108.52	112.56	116.02	119.61
5	122.09	116.02	120.84	119.20	116.22	108.52	112.56	116.02	119.61
4	122.07	116.02	120.63	119.00	116.22	108.52	112.56	116.02	119.61
3	Stock Exchange Closed								
1	Stock Exchange Closed								
Aug. 31	122.09	116.02	120.84	119.00	116.22	108.52	112.56	116.02	119.41
24	121.91	115.82	120.63	119.00	116.02	108.16	112.56	115.63	119.41
17	121.91	115.82	120.84	119.00	116.22	108.16	112.56	115.82	119.41
10	122.14	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.41
3	122.36	115.82	120.84	119.20	116.02	108.16	112.93	115.82	119.00
July 27	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00
20	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	108.70	113.31	116.22	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108 52	113.70	118.20
1 Year Ago									
Sept. 18, 1944	119.42	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
2 Years Ago									
Sept. 18, 1943	120.55	110.88	119.00	116.41	111.07	98.78	103.13	113.70	116.61

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Sept. 18	1.65	2.86	2.63	2.71	2.86	3.24	3.06	2.85	2.67
17	1.65	2.86	2.62	2.71	2.86	3.25	3.06	2.85	2.67
15	1.65	2.85	2.61	2.71	2.85	3.24	3.05	2.84	2.67
14	1.66	2.85	2.61	2.71	2.85	3.24	3.05	2.84	2.67
13	1.66	2.86	2.61	2.70	2.86	3.25	3.05	2.84	2.67
12	1.66	2.86	2.61	2.71	2.85	3.26	3.05	2.85	2.68
11	1.66	2.86	2.62	2.70	2.85	3.25	3.05	2.85	2.67
10	1.66	2.86	2.62	2.70	2.85	3.25	3.04	2.85	2.67
8	1.65	2.85	2.62	2.69	2.84	3.25	3.04	2.85	2.67
7	1.65	2.85	2.62	2.69	2.84	3.25	3.04	2.85	2.67
6	1.65	2.85	2.61	2.69	2.85	3.25	3.03	2.85	2.67
5	1.65	2.85	2.61	2.69	2.84	3.25	3.03	2.85	2.67
4	1.65	2.85	2.62	2.70	2.84	3.25	3.03	2.85	2.67
1	Stock Exchange Closed								
3	Stock Exchange Closed								
Aug. 31	1.65	2.85	2.61	2.70	2.84	3.25	3.03	2.85	2.68
24	1.67	2.86	2.62	2.70	2.85	3.27	3.03	2.87	2.68
17	1.67	2.86	2.61	2.70	2.84	3.27	3.03	2.86	2.68
10	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.68
3	1.64	2.86	2.61	2.69	2.85	3.27	3.01	2.86	2.70
July 27	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.70
20	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.84	2.60	2.67	2.84	3.24	2.99	2.84	2.67
1 Year Ago									
Sept. 18, 1944	1.83	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
2 Years Ago									
Sept. 18, 1943	1.80	3.12	2.70	2.83	3.11	3.83	3.56	2.97	2.82

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Tax-Problem Group Set Up by Business

A permanent clearing-house conference on internal revenue problems has been established by major business and planning groups for the purpose of harmonizing programs on post-war tax revision before their presentation to Congress, special advices from Washington to the New York "Times" stated on Sept. 10.

The charter of the new organization, plans for which were begun last June, was completed recently, setting out the purposes for frequent exchanges of views on fiscal and tax problems in all their phases, particularly in their relationship to business activity, welfare and employment. Sponsors of the charter, according to the "Times," include: Ellsworth Alvord of the United States Chamber of Commerce, H. E. Humphreys Jr. of the National Association of Manufacturers, R. Gordon Wasson of the Committee on Economic Development, Beardsley Ruml and James C. Willson of the National Planning Association, John Byler of the American Retail Federation, Stewart N. Clarkson of the Manufacturing Trade Groups, Charles C. Fichtner of the Small Business Advisory Committee, Maxwell McDowell of the Associated State Chambers of Commerce, Hurley L. Luz of the Tax Foundation, Thomas J. Green of the American Institute of Accountants and Harold R. Soaff of the Edison Electrical Institute.

The "Times" report continues:

Regular members will be confined to persons responsibly associated with such national organizations as are active in the study of taxation "especially as it may affect business and industrial progress."

Associate members shall consist of a limited number of individuals elected by the executive committee "who it considers would be helpful additions at the meetings of the conference."

The only officers shall be the executive committee, consisting of six representatives elected by a majority of the regular members at a meeting called for the purpose.

The charter also states that meetings shall be held at the call of the executive committee at such times and places as it may designate. None but regular members, alternates and associate members may attend the meetings, except when others are authorized when deemed to be helpful to the meeting. There will be no dues and no funds for the conference, its charter also states, each member being expected to defray his own expenses.

Business Failures in August

Business failures in August were lower in number and amount of liabilities involved than in July and lower in number but higher in amount than in August a year ago. Business insolvencies in August, according to Dun & Bradstreet, Inc., totaled 56 and involved $1,166,000 liabilities as compared with 72 in July involving $3,659,000 liabilities and 77 involving $1,054,000 in August a year ago.

All groups, except the manufacturing group, which had more failures in August than in July and the wholesale group, which had the same number, have fewer failures in August than in July. When the amount of liabilities is considered only the commercial service group had more liabilities involved in August than in July.

Manufacturing failures in August were up to 21 from 19 in July but liabilities involved were down to $595,000 in August from $1,665,000 in July. Wholesale failures in August numbered 5, the same as in July, but liabilities involved were down to $35,000 in August from $309,000 in July. Retail trade insolvencies in August were down to 17 with $133,000 liabilities from 30 with $468,000 liabilities in July. In the construction group failures in August numbered 8, with $186,000 liabilities, which compares with 9 in July with $1,135,000 liabilities. Commercial service failures in August were down to 5 from 9 in July, but liabilities involved were up to $217,000 in August from $82,000 in July.

When the country is divided into Federal Reserve Districts, it is found that the Cleveland and Atlanta Reserve Districts had more failures in August than in July, the Minneapolis and Dallas Reserve Districts had the same number while the remaining districts had fewer failures in August than in July. When the amount of liabilities involved is considered it is seen that only the Philadelphia, Richmond, Atlanta and Chicago Reserve Districts had more liabilities involved in August than in July.

Moody's Daily Commodity Index

Tuesday, Sept. 11, 1945	255.2
Wednesday, Sept. 12	255.5
Thursday, Sept. 13	255.7
Friday, Sept. 14	255.8
Saturday Sept. 15	255.7
Monday, Sept. 17	255.8
Tuesday, Sept. 18	255.8
Two weeks ago, Sept. 4	254.7
Month ago, Aug. 18	253.9
Year ago, Sept. 18, 1944	249.2
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan. 24	252.1

Finished Steel Shipments by Subsidiaries of United States Steel Corporation Off in August

Shipments of finished steel products by subsidiaries of the United States Steel Corp. in August amounted to 1,332,180 net tons, compared with 1,608,994 net tons in July, 1,743,485 net tons in August last year, 1,704,289 net tons in the like month of 1943 and 1,788,350 net tons in August, 1942.

For the 27 working days in August, the average was 49.340 net tons, against 61,884 net tons for 26 days in July, and 64,574 net tons for 27 days in August a year ago.

Deliveries for the eight months ended August 31, last, totaled 13,066,133 net tons, compared with 14,130,864 net tons in the like period of 1944, a decrease of 1,064,731 net tons.

The following tabulation gives shipments by subsidiaries of United States Steel Corp. monthly from the beginning of 1940 (figures in net tons):

	1945	1944	1943	1942	1941	1940
January	1,569,115	1,730,787	1,685,993	1,738,893	1,682,454	1,145,592
February	1,562,488	1,755,772	1,691,592	1,616,587	1,548,451	1,009,256
March	1,869,642	1,874,795	1,772,397	1,780,938	1,720,366	931,905
April	1,722,845	1,756,797	1,630,828	1,758,894	1,687,674	907,904
May	1,797,987	1,776,934	1,706,543	1,834,127	1,745,295	1,084,057
June	1,602,883	1,737,769	1,552,663	1,774,068	1,668,637	1,209,684
July	1,608,994	1,754,525	1,660,762	1,765,749	1,666,667	1,296,887
August	1,332,180	1,743,485	1,704,289	1,788,650	1,753,665	1,455,604
September	------	1,733,602	1,664,577	1,703,570	1,664,227	1,392,838
October	------	1,774,969	1,794,968	1,787,501	1,851,279	1,572,408
November	------	1,743,753	1,660,594	1,665,545	1,624,186	1,425,352
December	------	1,767,600	1,719,624	1,849,635	1,846,036	1,544,623
Total by mos.	------	21,150,788	20,244,830	21,064,157	20,458,937	14,976,110
Yearly adjust.	------	*98,609	*97,214	*449,020	*42,333	37,639
Total	------	21,052,179	20,147,616	20,615,137	20,416,604	15,013,749

*Decrease.

Note—The monthly shipments as currently reported during the year 1945, are subject to adjustment reflecting annual tonnage reconciliations.

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended Sept. 8, 1945, as estimated by the United States Bureau of Mines, was 9,850,000 net tons, a decrease of 2,410,000 net tons from the preceding week and 1,144,000 tons less than in the corresponding week last year. This loss was due to the observance of the Labor Day Holiday, no cars of coal being loaded on Sept. 3, 1945. The total production of soft coal from Jan. 1 to Sept. 8, 1945 is estimated at 403,386,000 net tons, a decrease of 7.4% when compared with the 435,756,000 tons produced during the period from Jan. 1 to Sept. 9, 1944.

Production of Pennsylvania anthracite for the week ended Sept. 8, 1945, as estimated by the Bureau of Mines, was 908,000 tons, a decrease of 289,000 tons (24.1%) from the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 222,000 tons, or 19.6%. The calendar year to date shows a decrease of 16.6% when compared with the corresponding period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Sept. 8, 1945 showed a decrease of 9,400 tons when compared with the output for the week ended Sept. 1, 1945; and was 22,900 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE
(In Net Tons)

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite:	Sept. 8, 1945	*Sept. 1, 1945	Sept. 9, 1944	†Sept. 8, 1945	Sept. 9, 1944
Total, including mine fuel	9,850,000	12,260,000	10,994,000	403,386,000	435,756,000
Daily average	‡1,970,000	2,043,000	2,036,000	1,913,000	2,032,000

*Revised. †Subject to current adjustment. ‡Average based on 5 working days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. antharcite—	‡Sept. 8, 1945	§Sept. 1, 1945	Sept. 9, 1944	Sept. 8, 1945	Sept. 9, 1944	Sept. 11, 1937
*Total incl. coll. fuel	908,000	1,197,000	1,130,000	37,325,000	44,780,000	35,169,000
†Commercial produc.	872,000	1,149,000	1,085,000	35,834,000	42,989,000	33,411,000
Beehive coke—						
United States total	88,000	97,400	110,900	4,111,700	5,180,500	2,473,900

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes collliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Sept. 1, 1945	Aug. 25, 1945	Sept. 2, 1944
Alabama	411,000	393,000	367,000
Alaska	6,000	6,000	5,000
Arkansas and Oklahoma	100,000	103,000	85,000
Colorado	129,000	136,000	146,000
Georgia and North Carolina	*	*	*
Illinois	1,437,000	1,488,000	1,423,000
Indiana	542,000	553,000	530,000
Iowa	39,000	40,000	47,000
Kansas and Missouri	140,000	125,000	149,000
Kentucky—Eastern	998,000	1,036,000	963,000
Kentucky—Western	405,000	436,000	339,000
Maryland	39,000	38,000	41,000
Michigan	3,000	2,000	2,000
Montana (bitum. & lignite)	75,000	90,000	104,000
New Mexico	28,000	29,000	35,000
North & South Dakota (lignite)	36,000	33,000	46,000
Ohio	821,000	824,000	627,000
Pennsylvania (bituminous)	2,980,000	2,777,000	2,638,000
Tennessee	144,000	140,000	141,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	105,000	128,000	137,000
Virginia	355,000	363,000	377,000
Washington	28,000	22,000	30,000
†West Virginia—Southern	2,054,000	2,100,000	2,162,000
‡West Virginia—Northern	1,193,000	1,161,000	1,116,000
Wyoming	190,000	176,000	172,000
§Other Western States	*	*	*
Total bituminous & lignite	12,260,000	12,200,000	11,684,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

National Fertilizer Association Commodity Price Index Remains Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Sept. 17, remained unchanged at 139.8 for the week ended Sept. 15, 1945, the same as for the preceding week. A month ago the index stood at 141.7 which was the highest point of the index and which it had reached for two previous weeks. A year ago the index was 138.7. All these indexes are based on the 1935-1939 average as 100. The Associations report went on to say:

Two of the composite groups of the index declined and two advanced during the latest week. Most of the price changes during the week moved in a narrow range and they were mixed in three of the four groups that showed price changes. The farm products group moved up fractionally. The small declines in the cotton and livestock subgroups were a little more than offset by the advance in the grains subgroup. Wheat and rye quotations advanced moderately. Prices for lambs and fluid milk were higher while prices for poultry and eggs were lower. The foods index declined for the fourth consecutive week with only a fractional decline taking place last week. The textiles index showed a small advance principally because of higher prices for yarn. Another drop in the quotations for kerosene took the fuels index fractionally lower. All other groups included in the index remained unchanged.

During the week 5 price series in the index declined and 7 advanced; in the preceding week 7 declined and 8 advanced; in the second preceding week 8 declined and 3 advanced.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Sep. 15, 1945	Preceding Week Sep. 8, 1945	Month Ago Aug. 18, 1945	Year Ago Sep. 16, 1944
25.3	Food	141.8	142.0	144.9	141.8
	Fats and Oils	145.2	145.2	145.0	145.1
	Cottonseed Oil	163.1	163.1	162.4	163.1
23.0	Farm Products	164.4	164.3	167.4	161.8
	Cotton	214.5	214.6	212.2	202.4
	Grains	159.2	157.7	158.8	156.2
	Livestock	157.8	158.1	163.4	157.2
17.3	Fuels	129.7	129.9	134.5	130.1
10.8	Miscellaneous Commodities	132.8	132.8	133.9	132.2
8.2	Textiles	157.3	157.1	156.7	134.3
7.1	Metals	108.9	108.9	108.9	104.2
6.1	Building Materials	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs	125.8	125.8	125.8	126.1
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.9
.3	Farm Machinery	104.8	104.8	104.8	104.5
100.0	All groups combined	139.8	139.8	141.7	138.7

*Indexes on 1926-1928 base were: Sept. 15, 1945, 108.9; Sept. 8, 1945, 108.9, and Sept. 16, 1944, 108.0.

Electric Output for Week Ended Sept. 15, 1945 6.6% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 15, 1945, was approximately 4,106,187,000 kwh., which compares with 4,394,839,000 kwh. in the corresponding week a year ago and 3,909,408,000 kwh. in the week ended Sept. 8, 1945. The output for the week ended Sept. 15, 1945 was 6.6% below that for the same week in 1944.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

	Week Ended			
Major Geographical Divisions—	Sept. 15	Sept. 8	Sept. 1	Aug. 25
New England	*0.3	11.0	6.5	6.5
Middle Atlantic	3.7	7.2	3.5	3.2
Central Industrial	11.9	13.6	12.2	13.7
West Central	*0.6	*2.2	*1.5	3.7
Southern States	4.1	4.0	2.7	1.1
Rocky Mountain	1.3	2.8	1.4	7.0
Pacific Coast	7.9	3.6	5.9	6.1
Total United States	6.6	7.5	6.3	6.8

*Increase over similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,428
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,075
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,728
Aug. 4	4,432,304	4,399,433	+ 0.7	4,240,638	1,415,122	1,729,667
Aug. 11	4,395,337	4,415,368	— 0.5	4,287,827	1,431,910	1,733,110
Aug. 18	3,939,195	4,451,076	—11.5	4,264,824	1,436,440	1,750,056
Aug. 25	4,116,049	4,418,298	— 6.8	4,322,195	1,464,700	1,761,594
Sept. 1	4,137,313	4,414,735	— 6.3	4,350,511	1,423,977	1,674,588
Sept. 8	3,909,408	4,227,900	— 7.5	4,229,262	1,476,442	1,806,259
Sept. 15	4,106,187	4,394,839	— 6.6	4,358,512	1,490,863	1,792,131
Sept. 22		4,377,339		4,359,610	1,499,459	1,777,854
Sept. 29		4,365,907		4,359,003	1,505,216	1,819,276

MacArthur Occupies Tokyo

A ten-minute flag raising ceremony gave recognition to the occupation of Tokyo by General MacArthur on Sept. 8. Standing on the United States Embassy grounds, the General ordered, according to the Associated Press report of that date:

"Have our country's flag unfurled and in Tokyo's sun let it wave in its full glory as a symbol of hope for oppressed and as a harbinger of victory for the right."

The following day General MacArthur issued a statement making it clear that he was over the entire Japanese Government, including the Emperor, but would permit the Japanese to govern themselves under Allied directives and would employ troops to enforce his orders only if necessary; a wireless to the New York "Times" from Tokyo in stating this on Sept. 9, continued:

Simultaneously in orders to all under his command he instructed the troops to respect the property rights of the Japanese and to act without unnecessary violence or undue oppression.

General MacArthur also said in his statement on policy that the civilian population would be treated in such a way "as to develop respect for and confidence in the United Nations and their representatives."

His statement on the control of Japan was issued after Prince Naruhiko Higashi-Kuni, the Premier, had told the Diet that the Emperor's prerogatives had not been interfered with in the surrender articles. The Premier did not mention the fact that the Supreme Commander for the Allied Powers could give orders to the Emperor.

General MacArthur also emphasized that elections would help to decide the form of government that the Japanese wanted, another fact not mentioned by the Premier in his speech.

General MacArthur's statement was issued as the uncensored Japanese press talked of "agreement" rather than surrender. An editorial in one paper, the "Nippon Times," asserted today that "if we are going to have a military government we would rather have our own military."

General MacArthur's announcement nevertheless was measured in tone, asserting that the "Supreme Commander for the Allied Powers will issue all necessary instructions to the Japanese Emperor or Imperial Government and every opportunity will be given to the Government and the Japanese people to carry out such instructions without further compulsion."

"If necessary, however, the Supreme Commander will issue appropriate orders to Army and corps commanders, indicating the action to be taken to secure obedience," the general's statement added.

While the Japanese people will be required to obey all orders issued by General MacArthur via their own Government they wil be "completely free from all unwarranted interference with their individual liberty and property rights."

To Issue 3-Cent Army Stamp

Postmaster Albert Goldman announced on Sept. 13 that th 3-cent denomination Army stam of the Armed Forces Series wil be released through the Washington, D. C., post office on Sept. 28 The stamp will be printed by th rotary process in khaki color, an the design will consist of a procession of United States troop passing under the Arc de Triomphe in Paris with an escort o six large bombers overhead. I small squares in each of the upper corners will be the coat o arms of the United States. Denomination numerals enclosed i circles will occupy correspondin positions in the lower corners. Th Post Office advices add:

Stamp collectors desiring firs day cancellations of the 3-ce Army stamp may send a limite number of addressed envelope not in excess of 10, to the Pos master, Washington, 13, D. C with cash, money order, or post note remittance to cover the co of the stamps to be affixed. Pos age stamps and personal chec will not be accepted in paymen Covers should be of ordinary le ter size and each envelope mu be properly addressed. An encl sure of medium weight should placed in each envelope and t flap either sealed or turned Orders for first-day covers to t Postmaster, Washington 13, D. must not include requests for u cancelled stamps.

For the benefit of collectors d siring stamps of selected qual for philatelic use the Army sta will be available at the Philate Agency, Post Office Departme Washington 25, D. C., on and af Sept. 28, 1945. The Philate Agency does not service first-c covers.

Wholesale Prices Declined 0.2% in Week Ended September 8 Labor Department Reports

"Continuing price declines for agricultural commodities reduced the Bureau of Labor Statistics' index of commodity prices in primary markets 0.2% during the week ended Sept. 8," it was indicated on Sept. 13 by the U. S. Department of Labor, which stated that "at 105.0% of the 1926 average the index was 0.7% below mid-August and 1.4% above the corresponding week of last year." The Department further reported:

"**Farm Products and Foods** — Average market prices of farm products decreased 0.6% because of lower prices for livestock, grains and eggs. This represents the sixth consecutive weekly decline in the group index. Quotations for calves, cows, steers and sheep were lower due to seasonally heavy marketings. Hogs continued to sell at ceiling levels because of heavy demand and low supplies. Contrary to the usual seasonal trend, egg prices declined more than 8% primarily because of reduced military purchases. Among the grains, oats and wheat were lower in price, while rye and barley were higher. There were sharp price advances for lemons and oranges and seasonal declines for apples, white potatoes and sweetpotatoes. Cotton quotations rose on unfavorable crop reports and expectations of increased export and domestic demand. Since mid-August the group index has decreased 3.1% to a level 1.7% above early September a year ago.

"Food prices dropped 0.4% on the average as the lower egg prices more than offset increases for fresh fruits and vegetables. Foods were 1.7% below a month ago and 1.2% above the corresponding week of 1944.

"**Other Commodities** — Textile products rose 0.3% during the week, reflecting higher OPA ceilings for carded cotton yarns required by the Bankhead Amendment to the Stabilization Extension Act of 1944. Similar price advances occurred for sheets and pillow cases. Fuel and lighting materials declined 0.2% with the withdrawal of ceiling increases granted early in the war for petroleum products on the eastern seaboard to cover higher transportation costs. Declining 18% during the past week in response to the continuing low level of demand, mercury quotations have dropped from a high of $173 this year to $100 per 76 pound flask. The group index for all commodities other than farm products and foods was 0.2% above a month ago and 1.3% above early September, 1944."

The Labor Department also included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statisitcs will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the past three weeks for Aug. 11, 1945 and Sept. 9, 1944, and (2) percentage changes in subgroup indexes from Sept. 1, 1945 to Sept. 8, 1945.

WHOLESALE PRICES FOR WEEK ENDED SEPT. 8, 1945
(1926 = 100)

Commodity Groups—	9-8 1945	9-1 1945	8-25 1945	8-11 1945	9-9 1944	Percentage changes to Sept. 8, 1945 from— 9-1 1945	8-11 1945	9-9 1944
All commodities	105.0	105.2	105.5	105.7	103.6	—0.2	—0.7	+1.4
Farm products	124.3	125.1	126.7	128.3	122.2	—0.6	—3.1	+1.7
Foods	105.1	105.5	106.6	106.9	103.9	—0.4	—1.7	+1.2
Hides and leather products	118.6	118.6	118.5	118.5	116.5	0	+0.1	+1.8
Textile products	99.4	99.1	99.1	99.1	98.2	+0.3	+0.3	+1.2
Fuel and lighting materials	85.3	85.5	85.3	85.2	83.8	—0.2	+0.1	+1.8
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0
Building materials	118.0	118.0	118.2	117.3	116.0	0	+0.6	+1.7
Chemicals and allied products	95.3	95.3	95.3	95.2	94.9	0	+0.1	+0.4
Housefurnishing goods	106.3	106.2	106.2	106.2	106.1	+0.1	+0.1	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	115.3	115.8	116.9	117.7	112.8	—0.4	—2.0	+2.2
Semimanufactured articles	95.7	95.4	95.4	95.3	94.1	+0.3	+0.4	+1.7
Manufactured products	102.0	102.1	102.1	102.0	101.1	—0.1	0	+0.9
All commodities other than farm products	100.8	100.8	100.8	100.7	99.6	0	+0.1	+1.2
All commodities other than farm products and foods	100.1	100.1	100.1	99.9	98.8	0	+0.2	+1.3

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
SEPT. 1, 1945 TO SEPT. 8, 1945

Increases			
Cotton goods	0.8	Furnishings	0.2
Fruits and vegetables	0.8	Dairy products	0.1
Decreases			
Other foods	1.9	Petroleum and products	0.5
Livestock and poultry	1.1	Grains	0.3
Other farm products	0.6	Bituminous coal	0.1
Non-ferrous metals	0.1		

Latest Summary of Copper Statistics

The Copper Institute on Sept. 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper.

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE
(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestio	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) §Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130.270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
Year 1944	1,056,180	1,098,788	1,636,295	----	66,780	—42,608	+ 14,659
8 Mos., 1945	579,797	591,325	1,106,823	----	80,316	—11,528	+ 13,536
Jan., 1945	73,754	67,726	145,904	----	59,715	+ 6,028	— 7,065
Feb., 1945	67,496	69,950	172,585	----	57,142	— 2,454	— 2,573
Mar., 1945	76,537	76,395	218,488	----	51,861	+ 142	— 5,281
Apr., 1945	74,392	75,436	161,111	----	55,453	— 1,044	+ 3,592
May, 1945	74,469	85,319	139,203	----	63,841	—10,850	+ 8,388
June, 1945	72,271	74,377	94,031	----	70,738	— 2,106	+ 6,897
July, 1945	72,855	72,995	88,661	----	76,166	— 140	+ 5,428
Aug. 1945	68,023	69,127	86,840	----	80,316	— 1,104	+ 4,150

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Computed by difference between mine and refined production.

Note—Statistics for the month of July, 1945, have been revised.

Civil Engineering Construction $60,389,000 For Week Ending Sept. 13

Civil engineering construction volume in continental United States totals $60,389,000 for the week, the second highest weekly volume reported in 1945 by "Engineering News-Record." The total is 42% higher than in the corresponding 1944 week, is 62% above the previous four-week moving average, and exceeds the $30,761,000 recorded for the holiday-shortened preceding week. The report made public on Sept. 13 continued as follows:

Private construction, the highest reported since the week of June 3, 1943, is 476% above a year ago as a result of the increased volume of industrial and commercial buildings. Public work, however, is 43% below the 1944 week. Federal construction is down 67% compared with last year and is responsible for the decrease in public volume as state and municipal construction is 40% higher than a year ago.

The current week's construction brings 1945 volume to $1,352,249,000 for the 37 weeks, a 2% increase over the $1,329,481,000 reported for the 1944 period. Private construction, $452,326,000, is 61% above last year, but public construction, $899,923,000, is down 14% due to the 24% drop in Federal work. State and municipal volume, $236,538,000, is 32% above a year ago.

Civil engineering construction volumes for the current week, the short preceding week, and the 1944 week are:

	Sep. 13, 1945 (five days)	Sep. 6, 1945 (four days)	Sep. 14, 1944 (five days)
Total U. S. Construction	$60,389,000	$30,761,000	$42,470,000
Private Construction	40,140,000	18,275,000	6,993,000
Public Construction	20,249,000	12,486,000	35,477,000
State and Municipal	11,287,000	6,371,000	8,041,000
Federal	8,962,000	6,115,000	27,436,000

In the classified construction groups, all classes of work except earthwork and drainage report increases over their respective totals for the holiday-shortened preceding week. Gains over the 1944 week are in waterworks, sewerage, bridges, industrial and commercial buildings. Subtotals for the week in each class of construction are: waterworks, $2,708,000; sewerage, $1,005,000; bridges, $570,000; industrial buildings, $13,882,000; commercial building and large-scale private housing, $24,000,000; public buildings, $4,949,000; earthwork and drainage, $1,102,000; streets and roads, $5,538,000, and unclassified construction, $6,635,000.

New capital for construction purposes for the week totals $2,164,000, and is made up entirely of state and municipal bond sales. The week's new financing brings 1945 volume to $1,610,846,000, a total 0.5% above the $1,605,576,000 reported for the 37-week 1944 period.

Non-Ferrous Metals—Copper Deliveries Off in August—Bolivian Tin Contracts Renewed

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 13, stated: "With important questions of policy covering termination of foreign contracts, stockpiling, and premium prices yet to be settled, producers of major non-ferrous metals do not feel that the markets have been freed from control. Consequently, nothing is being done to disturb the situation. The Bolivian tin contracts have been renewed, but under the terms agreed upon the settlement basis will be lowered moderately in each succeeding quarter. Both copper and zinc deliveries dropped during August, which was more or less expected. There were no developments in foreign silver, with most observers holding to the view that a higher ceiling price is imminent. Quicksilver again declined sharply, falling below $100 per flask." The publication further went on to say, in part, as follows:

Copper

Cutbacks and the V-J Day holidays reduced deliveries of copper in August to 86,840 tons, which compares with 88,661 tons in July, the Copper Institute reported.

Current demand for copper points to actual consumption of close to 100,000 tons a month for both September and October, most trade authorities believe. There were no price developments here or abroad.

Lead

Limitations on the use of lead are holding down consumption to around 60,000 tons a month. The question of how much lead will be released to the white-lead producers in the fourth-quarter period has not yet been settled by WPB. Demand for lead from battery makers and the cable industry continues active. Lead for tempering gasoline also is moving freely. With the transportation situation improving, even in Mexico, the problem of moving lead to the plants of consumers has eased appreciably.

Sales of lead in the domestic market for the week that ended Sept. 12 amounted to 6,269 tons.

Zinc

At a meeting of the Zinc Industry Advisory Committee, held in Washington on Sept. 11, subjects discussed included stockpiling, treatment of Government-owned zinc concentrates on toll, and termination of purchases of foreign zinc and zinc concentrates by FEA. With zinc no longer under WPB control, and current production well in excess of immediate requirements, tension over the price situation is increasing. Most producers take the stand that zinc under prevailing conditions is far from free, and, until policy is fixed in Washington on the points raised at the meeting, no one wants to disturb the market. Demand last week was quiet.

Production of slab zinc in the United States during August exceeded shipments by 16,446 tons, with the result that stocks reported by the American Zinc Institute increased to 213,504 tons. Shipments in August totaled 48,307 tons, against 51,909 tons in July and the high for the year of 94,494 tons in March. The high rate of shipments in March reflected feverish activity by WPB to step up production of brass and other war materials, and was not accepted in the industry as a realistic figure on consumption.

The zinc statistics for July and August, in tons, are summarized as follows:

	Aug.	July
Stock at beginning	197,058	183,137
Production	64,753	*65,830
Production, daily rate	2.089	2,124
Shipments:		
Domestic	48,136	51,803
Export	171	106
Total shipments	48,307	51,909
Unfilled orders	9,211	16,656
Stock at end	213,504	*197,058

*Corrected.

Tin

FEA announced that the Bolivian tin-concentrate contracts have been signed, covering the period of July 1, 1945, to June 30, 1946. The contracts were closed on substantially the same basis as first presented. In the first quarter (July-September) the settlement basis agreed upon is 63½c. per pound of tin contained; in the next quarter 62c.; then 60½c. in the following quarter; and 58½c. in the final quarter. All producers who signed the previous agreement obtained new contracts. Patino did not participate in the original agreement.

The Bolivian contracts were signed by the United States Commercial Co., acting for FEA; the Bolivian Government; and the Bolivian producers.

Officials of FEA revealed that Patino agreed to sell one-half of its 1945 production to the United States, and discussions are on for an extension of this arrangement for 1946.

Another development of importance was an unofficial report stating that the tin smelter at Penang is operating, and the smelter at Singapore has not been damaged. This is interpreted in tin circles as pointing to an earlier easing of the supply situation than expected.

The price situation here remains unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Sept.	Oct.	Nov.
Sept. 6	52.000	52.000	52.000
Sept. 7	52.000	52.000	52.000
Sept. 8	52.000	52.000	52.000
Sept. 10	52.000	52.000	52.000
Sept. 11	52.000	52.000	52.000
Sept. 12	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Transactions in quicksilver during the last week were few and far between. Sales covering moderate quantities were placed at prices ranging from $98 to $101 per flask, the inside figure being $12 per flask below the preceding week's quotation. Offerings of even small lots sufficed to depress the price. Mexican quicksilver for shipment could have been purchased at around $95. Spanish metal was not pressed for sale, and domestic producers in the San Francisco market were "not quoting."

European buyers inquired whether bonded metal was available here, and some observers felt that at current quotations export business might come into the picture if holders cared to sell. This, of course, would be limited to foreign metal stored in this country.

Silver

Clarification of the price situation in foreign silver did not come through during the last week, and the market remains highly nervous. Demand for foreign metal was substantial, but offerings continued light.

The New York Official held at 44¾c. on foreign silver, and 70⅝c. on domestic. The London market was unchanged at 25½d.

Freight Traffic Volume Decr. 12.2% in August

The volume of freight traffic, handled by class I railroads in August, 1945, measured in ton-miles of revenue freight, amounted to 56,600,000,000 ton-miles, according to a preliminary estimate based on reports received from the railroads by the Association of American Railroads. The decrease under August, 1944, was 12.2%.

Revenue ton-miles of service performed by class I railroads in the first eight months of 1945 was 2.7% under 1944, and less than 1% greater than the corresponding period two years ago. However, compared with 1939 the 1945 total was almost 2½ times as much.

The following table summarizes revenue ton-miles for the first eight months of 1945 and 1944 (,000 omitted):

	1945	1944	% Decrease
1st 6 mos.	364,927,555	368,565,480	1.0
Mo. of July	*60,500,000	62,539,667	3.3
Mo. of Aug.	†56,600,000	64,459,523	12.2
Total 8 mos.	482,027,555	495,564,670	2.7

*Revised estimate. †Preliminary estimate.

Daily Average Crude Oil Production for Week Ended Sept. 8, 1945 Declined 357,100 Barrels

A sharp decline in the demand for oil products for military purposes brought the nation's crude oil production down to 4,518,400 barrels daily, a decline of 357,100 barrels per day from the preceding week, according to estimates by the American Petroleum Institute. This was also 171,000 barrels per day below the figure for the corresponding week of last year, and 54,500 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of September, 1945. Daily output for the four weeks ended Sept. 8, 1945 averaged 4,804,800 barrels.

Production in Texas during the week ended Sept. 8, 1945 declined 333,800 barrels to a daily average of 1,889,500 barrels

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,640,000 barrels of crude oil daily and produced 14,853,000 barrels of gasoline; 1,667,000 barrels of kerosine; 4,478,000 barrels of distillate fuel ,and 8,240,000 barrels of residual fuel oil during the week ended Sept. 8, 1945; and had in storage at the end of that week 49,112,000 barrels of civilian grade gasoline; 36,118,000 barrels of military and other gasoline; 13,811,000 barrels of kerosine; 42,189,000 barrels of distillate fuel, and 47,871,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations September	*State Allowables Begin. Sept. 1	Actual Production Week Ended Sept. 8, 1945	Change from Previous Week	4 Weeks Ended Sept. 8, 1945	Week Ended Sept. 9, 1944
Oklahoma	380,000	388,000	†391,950	+ 1,850	390,500	339,550
Kansas	274,000	269,400	†255,200	— 16,850	267,400	254,300
Nebraska	1,000	----	†850	----	850	900
Panhandle Texas			88,000	----	88,000	98,700
North Texas			141,900	— 10,950	150,100	147,750
West Texas			452,000	— 74,650	508,000	504,050
East Central Texas			128,450	— 17,150	141,300	149,800
East Texas			315,300	— 65,650	364,550	370,950
Southwest Texas			296,150	— 65,500	345,250	341,750
Coastal Texas			467,700	— 99,900	542,650	543,050
Total Texas	1,978,000	‡1,973,041	1,889,500	—333,800	2,139,850	2,156,150
North Louisiana			70,650	+ 450	70,000	73,750
Coastal Louisiana			292,000	— 3,700	294,750	288,400
Total Louisiana	350,000	394,600	362,650	— 3,250	364,750	362,150
Arkansas	75,000	78,642	78,800	+ 150	79,100	81,150
Mississippi	47,000		55,750	+ 1,350	54,700	46,800
Alabama	500		1,000	----	1,000	300
Florida	----		----	— 100	150	50
Illinois	200,000		204,250	+ 2,350	202,350	208,700
Indiana	13,000		14,850	+ 1,250	13,750	14,950
Eastern— (Not incl. Ill., Ind., Ky.)	66,200		60,000	— 8,650	63,900	65,000
Kentucky	28,000		28,750	+ 300	28,600	26,500
Michigan	47,000		48,800	+ 3,600	46,900	49,500
Wyoming	93,200		106,800	— 5,600	112,550	89,100
Montana	22,000		20,150	----	20,250	19,600
Colorado	12,000		10,450	— 300	10,900	8,650
New Mexico	100,000	100,000	107,450	+ 4,600	104,050	105,950
Total East of Calif.	3,686,900		3,637,200	—353,100	3,901,550	3,829,200
California	886,000	§886,000	881,200	— 4,000	903,250	860,200
Total United States	4,572,900		4,518,400	—357,100	4,804,800	4,689,400

*PAW recommendations and State allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Sept. 5, 1945.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 5 to 16 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED SEPT. 8, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	734	92.8	1,843	13,391	8,668	5,232	10,038
Appalachian—								
District No. 1	76.8	96	65.8	328	530	291	1,721	1,125
District No. 2	81.2	53	106.0	202	483	217	167	698
Ind., Ill., Ky.	87.2	777	90.7	2,820	6,204	3,193	5,238	12,210
Okla., Kan., Mo.	78.3	389	82.9	1,334	2,583	1,377	1,488	5,961
Inland Texas	59.8	227	68.8	980	468	1,044	889	1,682
Texas Gulf Coast	89.3	1,073	86.7	3,481	5,120	5,642	10,018	6,820
Louisiana Gulf Coast	96.8	266	102.3	890	1,859	1,106	1,926	2,100
No. La. & Arkansas	55.9	87	69.0	244	568	220	157	2,656
Rocky Mountain—								
District No. 3	17.1	12	92.3	33	21	37	15	77
District No. 4	72.1	115	72.3	381	444	685	538	1,264
California	87.3	811	81.3	2,315	10,518	25,391	8,729	4,481
Total U. S. B. of M. basis Sept. 8, 1945	85.8	4,640	85.4	14,853	42,189	47,871	*36,118	49,112
Total U. S. B. of M. basis Sept. 1, 1945	85.8	4,685	86.2	14,904	40,859	46,807	36,619	47,599
U. S. B. of M. basis Sept. 9, 1944		4,634		14,400	41,716	60,722	37,092	41,018

*Includes aviation and military gasoline, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 10,230,000 barrels unfinished gasoline this week, compared with 12,075,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,667,000 barrels of kerosene, 4,478,000 barrels of gas oil and distillate fuel oil and 8,240,000 barrels of residual fuel oil produced during the week ended Sept. 8, 1945, which compares with 1,517,000 barrels, 5,030,000 barrels and 8,528,000 barrels, respectively, in the preceding week and 1,489,000 barrels, 4,382,000 barrels and 8,928,000 barrels, respectively, in the week ended Sept. 9, 1944.

Note—Stocks of kerosine at Sept. 8, 1945, amounted to 13,811,000 barrels, as against 13,234,000 barrels a week earlier and 13,396,000 barrels a year before.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Sept. 5 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 25, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 25 (in round-lot transactions) totaled 2,068,417 shares, which amount was 16.75% of the total transactions on the Exchange of 6,176,730 shares. This compares with member trading during the week ended Aug. 18 of 1,057,957 shares, or 15.74% of the total trading of 6,176,730 shares. On the New York Curb Exchange, member trading during the week ended Aug. 25 amounted to 366,280 shares or 13.60% of the total volume on that exchange of 1,347,184 shares. During the week ended Aug. 18 trading for the account of Curb members of 238,695 shares was 15.52% of the total trading of 768,903 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 25, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	232,840	
‡Other sales	5,943,890	
Total sales	6,176,730	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	617,280	
Short sales	93,890	
‡Other sales	520,370	
Total sales	614,260	9.97
2. Other transactions initiated on the floor—		
Total purchases	182,950	
Short sales	12,500	
‡Other sales	144,970	
Total sales	157,470	2.76
3. Other transactions initiated off the floor—		
Total purchases	207,992	
Short sales	41,570	
‡Other sales	246,895	
Total sales	288,465	4.02
4. Total—		
Total purchases	1,008,222	
Short sales	147,960	
‡Other sales	912,235	
Total sales	1,060,195	16.75

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUG. 25, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	16,320	
‡Other sales	1,330,864	
Total sales	1,347,184	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	105,680	
Short sales	5,120	
‡Other sales	112,790	
Total sales	117,910	8.30
2. Other transactions initiated on the floor—		
Total purchases	27,760	
Short sales	900	
‡Other sales	23,575	
Total sales	24,475	1.94
3. Other transactions initiated off the floor—		
Total purchases	47,535	
Short sales	2,000	
‡Other sales	40,920	
Total sales	42,920	3.36
4. Total—		
Total purchases	180,975	
Short sales	8,020	
‡Other sales	177,285	
Total sales	185,305	13.60
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	58,649	
Total purchases	58,649	
Total sales	51,652	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Bank Debits for Month of August

The Board of Governors of the Federal Reserve System issued on Sept. 12 its usual monthly summary of "bank debits" which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	Aug. 1945	Aug. 1944	—3 Months Ended— Aug. 1945	—3 Months Ended— Aug. 1944
Boston	3,381	3,020	11,669	10,534
New York	31,654	28,467	112,708	95,586
Philadelphia	3,132	3,032	11,049	10,072
Cleveland	4,649	4,576	15,577	14,966
Richmond	2,731	2,549	8,862	8,177
Atlana	2,466	2,402	7,857	7,556
Chicago	10,063	10,930	34,518	34,903
St. Louis	2,011	1,921	6,693	6,318
Minneapolis	1,435	1,365	4,581	4,186
Kansas City	2,622	2,412	8,193	7,563
Dallas	2,079	1,999	6,813	6,341
San Francisco	7,006	6,451	21,896	19,712
Total, 334 centers	73,231	69,124	250,417	225,915
*New York City	29,388	26,165	104,703	88,202
*140 other centers	36,788	36,332	122,789	116,549
193 other centers	7,055	6,627	22,925	21,163

*Included in the national series covering 141 centers, available beginning in 1919.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 12 a summary for the week ended Sept. 1 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Sept. 1, 1945

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	29,251
Number of shares	850,054
Dollar value	$32,885,828
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of. Orders:	
Customers' short sales	175
*Customers' other sales	24,068
Customers' total sales	24,243
Number of Shares:	
Customers' short sales	6,054
*Customers' other sales	664,737
Customers' total sales	650,791
Dollar value	$24,960,879
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	210
†Other sales	125,610
Total sales	125,820
Round-Lot Purchases by Dealers—	
Number of shares	320,700

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

State Dept. to Return Alien Enemies

President Truman issued an executive order on Sept. 8 empowering Secretary of State Byrnes to return all alien enemies in the United States to territory of the enemy governments to which, or to the principles of which, they have adhered; the Department of Justice will assist the State Department in carrying out the order.

The order applies to alien enemies who were sent here for custody from Latin-American republics during the war or who are now in American territory without having been admitted under the Immigration Law, according to the special dispatch which reported the announcement to the New York "Times" from Washington, Sept. 8. The "Times" dispatch continued:

"All alien enemies," the Executive Order said. "now within the continental limits of the United States (1) who were sent here from other American republics for restraint and repatriation pursuant to international commitments of the United States Government and for the security of the United States and its associated powers, and

"(2) who are within the territory of the United States without admission under the immigration laws are, if their continued residence in the Western Hemisphere is deemed by the Secretary of State prejudicial to the future security or welfare of the Americas as prescribed in Resolution VII of the Inter-American Conference on the problems of war and peace, subject upon the order of the Secretary of State to removal to destinations outside the limits of the Western Hemisphere in the territory of the enemy governments to which or to the principles of which they have adhered.

"The Department of Justice and all other appropriate agencies of the United States Government are directed to render assistance to the Secretary of State in the prompt effectuation of such orders of removal."

Revenue Freight Car Loadings During the Week Ended Sept. 8, 1945 Decreased 129,800 Cars

Loading of revenue freight for the week ended Sept. 8, 1945, totaled 730,628 cars, the Association of American Railroads announced on Sept. 13. This was a decrease below the corresponding week of 1944 of 94,538 cars, or 11.5%, and a decrease below the same week in 1943 of 104,042 cars or 12.5%.

Loading of revenue freight for the week of Sept. 8 decreased 129,811 cars, or 15.1% below the preceding week, due to Labor Day holiday.

Miscellaneous freight loading totaled 306,251 cars, a decrease of 57,449 cars below the preceding week, and a decrease of 67,960 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 92,979 cars, a decrease of 12,135 cars below the preceding week and a decrease of 7,098 cars below the corresponding week in 1944.

Coal loading amounted to 144,721 cars, a decrease of 34,543 cars below the preceding week, and a decrease of 13,810 cars below the corresponding week in 1944.

Grain and grain products loading totaled 51,601 cars, a decrease of 14,654 cars below the preceding week, but an increase of 7,980 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Sept. 8 totaled 37,452 cars, a decrease of 10,627 cars below the preceding week but an increase of 6,070 cars above the corresponding week in 1944.

Livestock loading amounted to 16,851 cars, a decrease of 604 cars below the preceding week and a decrease of 1,102 cars below the corresponding week in 1944. In the Western districts alone loading of livestock for the week of Sept. 8 totaled 13,241 cars, a decrease of 55 cars below the preceding week, and a decrease of 668 cars below the corresponding week in 1944.

Forest products loading totaled 36,758 cars, a decrease of 8,523 cars below the preceding week, and a decrease of 5,338 cars below the corresponding week in 1944.

Ore loading amounted to 70,471 cars, a decrease of 488 cars below the preceding week and a decrease of 4,847 cars below the corresponding week in 1944.

Coke loading amounted to 10,996 cars, a decrease of 1,415 cars below the preceding week, and a decrease of 2,363 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding weeks in 1944, and 1943.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
4 Weeks of July	3,378,266	3,459,830	3,455,328
4 Weeks of August	3,240,175	3,576,269	3,554,694
Week of September 1	860,439	897,603	901,075
Week of September 8	730,628	825,166	834,670
Total	29,471,453	30,044,069	29,077,144

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 8, 1945. During this period only 29 roads reported gains over the week ended Sept. 9, 1944.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED SEPT. 8

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	212	257	165	1,349	1,430
Bangor & Aroostook	1,369	1,226	884	792	630
Boston & Maine	5,439	5,967	5,756	12,175	14,271
Chicago, Indianapolis & Louisville	943	1,273	1,299	1,582	1,811
Central Indiana	24	28	28	32	45
Central Vermont	1,034	924	879	2,336	2,278
Delaware & Hudson	3,948	4,427	5,842	10,167	11,560
Delaware, Lackawanna & Western	6,013	7,346	6,948	8,501	9,381
Detroit & Mackinac	246	231	183	150	180
Detroit, Toledo & Ironton	1,343	1,788	1,923	809	1,290
Detroit & Toledo Shore Line	301	302	286	2,151	2,564
Erie	9,603	11,610	12,824	13,922	15,811
Grand Trunk Western	2,618	3,421	3,173	7,156	7,457
Lehigh & Hudson River	157	151	184	2,354	2,195
Lehigh & New England	1,886	1,710	1,652	1,496	1,642
Lehigh Valley	7,468	7,503	7,949	9,110	13,,370
Maine Central	2,385	2,147	2,075	3,447	3,194
Monongahela	4,836	4,936	5,916	291	410
Montour	2,265	2,043	2,234	26	18
New York Central Lines	41,341	47,038	50,856	41,798	51,366
N. Y., N. H. & Hartford	7,605	8,330	8,695	13,692	16,452
New York, Ontario & Western	947	1,131	1,526	3,329	3,285
New York, Chicago & St. Louis	4,928	6,433	6,268	12,136	13,987
N. Y., Susquehanna & Western	300	428	500	1,899	1,819
Pittsburgh & Lake Erie	5,552	7,167	7,258	8,255	8,087
Pere Marquette	4,327	4,435	4,767	5,560	7,090
Pittsburgh & Shawmut	715	865	917	17	45
Pittsburg, Shawmut & North	170	283	411	205	229
Pittsburgh & West Virginia	1,108	1,064	1,194	2,145	2,761
Rutland	409	329	297	1,082	1,137
Wabash	4,592	5,162	5,105	9,236	10,528
Wheeling & Lake Erie	4,656	5,927	6,022	3,452	4,057
Total	128,740	145,882	154,016	180,711	210,380
Allegheny District—					
Akron, Canton & Youngstown	566	808	698	1,113	1,251
Baltimore & Ohio	39,969	42,088	41,766	21,885	26,642
Bessemer & Lake Erie	5,277	5,569	6,838	1,494	1,788
Buffalo Creek & Gauley	†	†	316	†	†
Cambria & Indiana	1,145	1,309	1,695	4	7
Central R. R. of New Jersey	4,873	6,235	6,509	16,481	20,754
Cornwall	435	459	650	57	65
Cumberland & Pennsylvania	170	185	215	12	9
Ligonier Valley	56	121	142	62	29
Long Island	2,072	1,790	1,558	3,891	4,620
Penn-Reading Seashore Lines	1,597	1,842	1,887	2,168	3,020
Pennsylvania System	71,285	82,243	81,657	52,294	62,524
Reading Co.	11,899	14,522	14,560	24,032	28,468
Union (Pittsburgh)	12,540	19,175	21,182	5,613	6,655
Western Maryland	3,670	3,836	4,219	10,462	12,943
Total	155,554	180,182	183,892	139,569	168,775
Pocahontas District—					
Chesapeake & Ohio	24,753	28,897	28,688	11,660	13,025
Norfolk & Western	17,574	21,538	22,057	6,012	7,571
Virginian	3,564	4,209	4,825	1,752	2,393
Total	45,891	54,644	55,570	19,424	22,989
Southern District—					
Alabama, Tennessee & Northern	396	311	279	184	315
Atl. & W. P.—W. R. R. of Ala.	734	769	651	2,000	2,286
Atlanta, Birmingham & Coast	582	775	690	1,099	1,105
Atlantic Coast Line	9,127	10,429	11,045	7,442	9,281
Central of Georgia	3,544	3,346	3,639	3,735	4,885
Charleston & Western Carolina	391	428	332	1,367	1,554
Clinchfield	1,279	1,749	1,583	2,341	2,636
Columbus & Greenville	246	243	355	227	290
Durham & Southern	90	108	79	607	621
Florida East Coast	675	731	1,187	1,068	1,415
Gainesville Midland	47	47	43	121	87
Georgia	1,133	1,038	1,018	2,086	2,515
Georgia & Florida	500	457	358	534	656
Gulf, Mobile & Ohio	3,968	4,258	3,992	3,944	3,659
Illinois Central System	21,546	27,365	27,449	14,298	16,918
Louisville & Nashville	21,893	23,068	24,652	9,143	10,804
Macon, Dublin & Savannah	186	198	182	609	622
Mississippi Central	315	337	279	478	462
Nashville, Chattanooga & St. L.	3,141	3,139	3,111	3,572	4,566
Norfolk Southern	871	1,024	1,054	1,586	1,815
Piedmont Northern	401	383	324	1,368	1,277
Richmond, Fred. & Potomac	426	425	587	7,039	8,707
Seaboard Air Line	7,484	8,185	8,812	7,030	7,746
Southern System	21,607	23,849	22,135	20,013	23,402
Tennessee Central	557	598	1,145	701	689
Winston-Salem Southbound	124	115	110	1,059	1,330
Total	101,263	113,375	115,091	93,651	109,643
Northwestern District—					
Chicago & North Western	17,766	19,018	19,884	13,738	13,983
Chicago Great Western	2,086	2,149	2,876	2,976	3,014
Chicago, Milw., St. P. & Pac.	19,707	18,682	19,326	8,617	8,896
Chicago, St. Paul, Minn. & Omaha	3,431	3,071	4,125	4,204	3,931
Duluth, Missabe & Iron Range	26,056	26,314	29,221	429	309
Duluth, South Shore & Atlantic	916	1,181	1,268	417	533
Elgin, Joilet & Eastern	6,499	8,917	8,436	6,848	9,240
Ft. Dodge, Des Moines & South	388	362	377	66	82
Great Northern	22,680	26,228	24,292	6,405	6,679
Green Bay & Western	401	467	470	706	885
Lake Superior & Ishpeming	2,148	2,921	1,784	65	62
Minneapolis & St. Louis	2,122	2,096	2,180	2,434	2,569
Minn., St. Paul & S. S. M.	7,178	7,216	7,407	3,059	3,003
Northern Pacific	11,516	12,113	11,529	5,159	6,028
Spokane International	138	169	218	413	496
Spokane, Portland & Seattle	1,998	2,813	2,279	2,768	4,217
Total	125,030	134,717	135,672	58,304	63,927
Central Western District—					
Atch., Top. & Santa Fe System	21,506	23,858	21,784	10,581	12,602
Alton	*3,532	3,152	3,093	*3,505	3,830
Bingham & Garfield	275	400	492	63	75
Chicago, Burlington & Quincy	18,898	18,931	18,399	11,209	13,168
Chicago & Illinois Midland	2,598	2,848	2,930	854	919
Chicago, Rock Island & Pacific	11,523	11,773	11,349	11,841	12,832
Chicago & Eastern Illinois	2,247	2,283	2,192	3,195	5,156
Colorado & Southern	694	856	804	2,004	2,805
Denver & Rio Grande Western	4,116	5,025	4,110	5,737	6,728
Denver & Salt Lake	562	775	749	42	31
Fort Worth & Denver City	937	712	1,618	1,570	1,935
Illinois Terminal	1,390	1,991	1,580	1,802	2,385
Missouri-Illinois	1,159	1,347	1,231	689	718
Nevada Northern	1,303	1,520	2,148	75	93
North Western Pacific	979	1,239	942	811	781
Peoria & Pekin Union	2	2	17	0	0
Southern Pacific (Pacific)	29,665	30,550	29,578	11,096	14,722
Toledo, Peoria & Western	258	234	293	1,661	1,935
Union Pacific System	16,433	17,993	16,052	15,609	18,412
Utah	508	430	541	2	3
Western Pacific	1,636	2,147	2,035	3,720	4,833
Total	120,281	128,066	121,937	86,066	103,963
Southwestern District—					
Burlington-Rock Island	251	872	447	452	457
Gulf Coast Lines	3,005	4,874	5,537	2,280	2,163
International-Great Northern	1,956	2,187	2,455	2,744	2,987
Kansas, Oklahoma & Gulf	‡	‡	248	‡	‡
Kansas City Southern	2,679	5,215	5,468	2,573	3,051
Louisiana & Arkansas	2,356	4,208	3,175	2,529	2,472
Litchfield & Madison	293	212	281	1,026	1,468
Midland Valley	1,222	973	713	1,401	1,425
Missouri & Arkansas	97	160	180	292	366
Missouri-Kansas-Texas Lines	4,509	5,679	5,962	3,766	4,777
Missouri Pacific	15,606	16,539	16,025	16,204	18,162
Quanah Acme & Pacific	118	81	104	162	282
St. Louis-San Francisco	8,222	8,392	7,617	7,433	7,843
St. Louis-Southwestern	2,286	3,322	2,692	4,116	6,284
Texas & New Orleans	7,582	10,170	12,578	5,319	5,561
Texas & Pacific	3,596	5,296	4,900	6,085	6,586
Wichita Falls & Southern	82	94	93	69	48
Weatherford M. W. & N. W.	11	26	17	6	28
Total	53,869	68,300	68,492	56,457	63,960

*Previous week's figure. †Included in Baltimore & Ohio RR. ‡Included in Midland Valley Ry.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95
June 23	115,768	157,932	491,287	96	95
June 30	166,083	156,447	499,505	96	95
July 7	180,155	99,960	575,918	62	94
July 14	151,085	145,797	575,134	90	94
July 21	121,864	156,619	537,639	96	94
July 28	127,772	156,519	507,758	95	94
Aug. 4	223,467	153,694	577,024	94	94
Aug. 11	157,653	153,368	582,785	94	94
Aug. 18	82,362	109,034	532,186	67	93
Aug. 25	131,952	161,763	488,289	99	94
Sept. 1	173,322	159,653	494,699	97	94
Sept. 8	160,857	125,683	527,938	80	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Japanese Surrender Papers to President

At an informal White House ceremony on Sept. 7, Secretary of War Henry L. Stimson presented to President Truman the Japanese surrender papers signed aboard the battleship Missouri the night of Sept. 1, the Associated Press reported from Washington, Sept. 7, adding that Emperor Hirohito's Imperial rescript, calling upon his subjects to submit peacefully, had also been turned over to the President, as well as the credentials of the two Japanese who signed the surrender. The Associated Press stated:

The President, smiling and obviously happy, pointed to some Japanese symbols on the Imperial rescript and said:

"This is the Emperor's signature, I take it."

Witnessing the occasion were Secretary of the Navy James V. Forrestal, Gen. George C. Marshall, Chief of Staff; Admiral Ernest J. King, Chief of Naval Operations; Dean Acheson, acting Secretary of State; Admiral William D. Leahy, the President's Chief of Staff, and Lieut. Gen. Ira C. Eaker.

Photographers made a complete record of the presentation.

The documents will be placed in the national archives for public examination along with the German surrender papers already on exhibition there.

On Sept. 12 the Japanese surrender documents were unveiled in the National Archives Building, where they were presented to the public by General Jonathan M. Wainwright, hero of Corregidor and Bataan, as his last official act before leaving for New York. Gen. Wainwright, who was recently rescued from a Japanese prison camp near Peiping, China, was accorded an enthusiastic reception in Washington on Sept. 10, on which date he was presented by President Truman with the Congressional Medal of Honor. Later in the week (Sept. 13) he was the recipient of signal honors in New York. At the ceremonies in Washington Representative Rayburn introduced Gen. Wainwright, who said:

"On this occasion, as always, I think of the brave men who served under my command. On their behalf, as well as my own, I am pleased to unveil the documents that brought final peace to a war-torn and war-weary world."

Associated Press Washington advices reporting the ceremonies, said: Two wounded veterans of Bataan who are now convalescing at Walter Reed Hospital sat at his side. They were Private First Class Fillman Cappel, of Cottonport, La., and Corporal Russell Villiers of Bridgeport, Conn.

Dr. Solon J. Buck, archivist of the United States, read a message from President Truman saying, "We would make these surrender documents a mockery if we did not continue to battle against the evil ideologies of those who forced war upon the world."

The President's message added: "These ideas must be wiped out, and the German and Japanese people must be taught with sternness but with justice to live in a world where there is respect for the rights of nations and of men. This we must do to protect and perpetuate that peace we have so dearly won."

The collection included the instrument of surrender, signed by General of the Army Douglas MacArthur, the two Japanese emissaries, and the United Nations representatives; the Emperor's imperial rescript calling upon his people to obey the terms of surrender; the credentials of Foreign Minister Shigemitsu and General Umezu, chief of the Japanese general staff.

The formal surrender of Japan was noted in our issue of Sept. 6, page 1146.

Items About Banks, Trust Companies

(Continued from page 1373)

branch before his retirement in 1930. The paper quoted also said:

"Mr. Miller had been a Nutley resident 40 years. He was one of the founders and the First Vice-President of the First National Bank of Nutley. He helped organize Nutley Social Service Bureau and had been a member of Nutley Board of Health."

Directors of the Philadelphia National Bank, of Philadelphia, Pa., at their meeting on Sept. 17, authorized that the amount being paid the employees as monthly emergency allowances be made a definite part of their salaries, effective Oct. 1. The additional compensation, to meet the increased cost of living, was established Nov. 1, 1941, and Oct. 1, 1942, and affected only salaries below $6,500. In the case of those in the lowest brackets it amounted to 20% of their base pay.

On Sept. 18 the surplus of the Corn Exchange National Bank & Trust Co. of Philadelphia was increased to $10,000,000 when the bank's board of directors authorized the transfer of $1,000,000 from undivided profits.

It was made known in the Baltimore "Sun" of Sept. 14 that a reclassification of the existing capital stock of the Safe Deposit & Trust Co. of Baltimore to provide 100,000 shares of $20 par value instead of 20,000 shares of $100 par value was recommended on Sept. 13 by the board of directors. The "Sun" added:

"The proposal, subject to approval of the stockholders at a meeting to be held Oct. 11, calls for replacing each existing share with five shares, but involves no change in the present capital.

"The purpose is to bring the market price of each share of the stock within the reach of a larger number of prospective purchasers, Thomas B. Butler, President, explained.

"In addition, the board voted a quarterly dividend of $5 a share payable Sept. 28 to stockholders of record Sept. 18."

Admission of The Farmers Savings Bank Co. of Ashley, Ohio, to membership in the Federal Reserve System is announced by President Ray M. Gidney of the Federal Reserve Bank of Cleveland. Member banks in the Fourth Federal Reserve District now total 716. In its advices the Cleveland Reserve Bank says:

"The Farmers Savings Bank Co. serves an area in which about 3,000 people reside and which is chiefly agricultural. The bank was organized in 1904 with a capital of $25,000. Its present capital is $35,000 and its surplus is $35,000. President of the Farmers Savings Bank Co. is Earl Jenkins, and other officers are Harold W. Davis, Vice-President; F. J. Riley, Cashier, and Miss Winifred Raines, Assistant Cashier. Directors are President Jenkins, Vice-President Davis, Lloyd Bartlett, C. J. Chadwick and Frank Stratton."

The Board of Directors of The First National Bank, of Chicago, Ill., at its regular meeting on Sept. 14 declared the regular dividend of $2.00 a share payable Oct. 1 to stock of record at the close of business on Sept. 24. Edward E. Brown, Chairman of the Board of the Bank said after the meeting of the Directors that while no formal action was taken, except to authorize the officers to secure the necessary preliminary authority from the Comptroller of the Currency, it was the expressed opinion of the Board that in October it would call a special meeting of the stockholders of the bank for a date late in December to vote on the question of increasing the capital stock of the bank from $50,000,000 to $60,000,000 by the declaration of a stock dividend of $10,000,000, to be taken from the bank's present surplus.

Mr. Brown said that this contemplated action was conditioned upon there being at the time of the stock dividend no serious prospect of any legislation being passed taxing stock dividends which would be applicable to a stock dividend distributed in the year 1945. Mr. Brown also stated that if the stockholders should vote the stock dividend it was the Board's present intention to pay dividends at the same rate on the increased stock. Inasmuch as the existing dividend rate is 8% per annum, this would result in an increase to $4,800,000 of cash dividends per annum, as against $4,000,000 of dividends being presently paid. The new stock represented by the stock dividend would not receive a dividend until April 1, 1946, as it is contemplated that the dividend of $2.00 a share expected to be paid Jan. 1, 1946 would be paid to stock of record of a date prior to the stock dividend.

Mr. Brown further stated that while it was too early to predict with certainty, he believed that the bank would add $10,000,000 to surplus before the end of the year, which would mean the Bank would have on Dec. 31 a capital of $60,000,000 and a surplus of $50,000,000.

Holman D. Pettibone, President of Chicago Title & Trust Co. of Chicago, Ill., announced on Sept. 12 the retirement of Donald Riley as Vice-President and Treasurer. Mr. Riley remains a director and a member of the Finance Committee. The directors elected Harold A. Moore, Vice-President, to the additional post of Treasurer to succeed Mr. Riley. Albert Young Bingham, Vice-President, becomes Financial Vice-President, and Kenneth L. Van Sickle, on military leave since July, 1942, was appointed manager of the real estate and mortgage department of the trust division. L. D. McKendry, Assistant Vice-President and formerly manager of the real estate and mortgage department of the trust division, has been transferred to the administrative division of the company, where he will devote his attention to real estate and mortgages owned by the company individually. Mr. Riley, whose father, the late Harrison B. Riley, was President of Chicago Title & Trust Co. from 1907 to 1929, has been with the company for 21 years. Originally in the financial department, he was elected Vice-President in 1928, a director in 1929, and Treasurer in 1936. From 1931 to 1936 he served as Trust Officer. After graduating from the University of Wisconsin, Mr. Riley obtained a degree of Ph.D. at the University of Berlin, majoring in chemistry. He was a Commander in the United States Naval Reserve during World War I, and a member of the American delegation to the Peace Council in Paris in 1919. Mr. Moore, a graduate of the University of Chicago, entered the employ of the company in 1931 in the real estate department, and was elected a Vice-President in 1937. Mr. Bingham, a graduate of the University of Illinois, joined the company as Vice-President in 1942.

The Mercantile-Commerce Bank & Trust Co., St. Louis, Mo., announces the appointment of E. Douglass Campbell as Assistant Vice-President of the bank. Mr. Campbell was formerly manager of the credit department and has served as a Major in the Canadian Army for the past four years, three of which were spent in overseas service.

The First National Bank in St. Louis has announced the election of William M. Rand as a member of the board of directors. Mr. Rand is Vice-President and a director of Monsanto Chemical Co. of St. Louis.

The Farmers Bank of Lincoln, Lincoln, Mo., became a member of the Federal Reserve System on Sept. 6, the Federal Reserve Bank of St. Louis announces. It adds:

"The new member was chartered Jan. 11, 1890. It has a capital of $25,000, surplus of $25,000, and total resources of $920,071.06. Its officers are J. A. Autrieth, President; John W. Guthrie, Vice-President; S. O. Brill, Cashier; A. D. Hunt, Assistant Cashier, and Addie Love, Assistant Cashier."

Earl R. Muir, President of The Louisville Trust Co. of Louisville Ky., has accepted the chairmanship of the Victory Loan Drive for Western Kentucky, which starts Oct. 29. F. M. Knight, Chairman of A. B. A. Committee on War Bond Drives, has written Mr. Muir two important paragraphs, which state:

"We are happy to know that in this Victory Loan Drive we will have the benefit of your 'firing line' experience. You have done a grand job in the past. We now have peace, and the new Secretary of the Treasury is relying on our help to climax the series of successful War Loan Drives with one big Victory Loan. It will take the best that's in us to put it over.

"The Victory Drive is the Treasury show. Our function is to put the banking system squarely behind the Treasury, to work in the smoothest possible way with the War Finance Committees throughout the country, and to organize the banking facilities of each State in fullest support."

In recognition of his 55 years of service, John K. Ottley, Chairman of the board of the First National Bank of Atlanta, Ga., has been made the original charter member of the "Quarter Century Club" formed by officers and employees of the bank as part of the observance of the institution's 80th anniversary. On Sept. 14 the Atlanta "Constitution," from which the foregoing is taken, also said:

"In ceremonies at the Capital City Club Mr. Ottley and 56 other members of the organization were awarded certificates and lapel buttons attesting their more-than-25-years' service with the Southeast's oldest National bank.

"Two other members of the 'Quarter Century Club,' with a record of more than 50 years' service, are: J. Sherrard Kennedy, Vice-President, and J. P. Dailey.

"High tribute was paid to the leadership of James D. Robinson, Vice-Chairman of the board of directors, who served for seven years as President of the bank.

"In making the presentation to Mr. Ottley, Clyde Williams, President of the bank, declared: 'His integrity and high ideals have made him a leader whom all Atlanta honors, a citizen whose reputation is known far beyond the borders of his home State.'

"The ceremonies commemorated the founding of the bank, Sept. 14, 1865, by General Alfred Austell, under a $100,000 capitalization. Today the bank 'has capital funds in excess of $12,000,000,' Mr. Ottley said."

The board of directors of the Republic National Bank of Dallas, Texas, announced on Sept. 12 the election of Karl Hoblitzelle, formerly Vice-Chairman of the board, to the office of Chairman of the board, and the election of Leslie Waggener, formerly Chairman of the Executive Committee, to the office of Vice-Chairman of the board.

Fred F. Florence, President of the Bank, was quoted in the Dallas "Times Herald" as saying:

"Our officers and directors are highly pleased that Mr. Hoblitzelle will be more active in the affairs and policies of our bank. The new responsibilities of Mr. Hoblitzelle and Mr. Waggener assure a continuation of the harmony that has characterized the operation of our bank throughour its existence." The paper quoted also said:

"The election of Mr. Hoblitzelle to the chairmanship filled the vacancy left by the late Wirt Davis, who was Chairman of the board from 1934 until his death in August.

"Mr. Hoblitzelle has been associated with the Republic National Bank during most of the years of its growth from Dallas's smallest and youngest bank in 1920, with capital and surplus of $100.-000 to an institution with capital and surplus of $20,000,000.

"Mr. Hoblitzelle, nationally-known theater magnate and philanthropist, has served as director of the Republic National Bank since 1927. A native of St. Louis, Mo., he first came to Texas in 1905 in the interest of Interstate Amusement Co. In addition to being President of Interstate Circuit, Inc., and Texas Consolidated Theatres, he is President of the Dallas Citizens Council; a member of the board and executive committee of the Republic Natural Gas Co., and the Baker Hotel Co.; Vice-President and Chairman of the executive committee of the Southwestern Medical Foundation, etc.

"Mr. Waggener has been a director and officer of the Republic National Bank for 22 years, and Chairman of its executive committee since 1931. He is also a director and member of the executive committee of the Employers Casualty Co.; a director of the Southwestern Life Insurance Co., the Liberty State Bank, and the Oak Cliff Bank & Trust Co.; a member of the advisory committee of the Dallas Loan Agency of the Reconstruction Finance Corporation; trustee of Dallas Historical Society; Chairman of the Ways and Means Committee of the Texas State Historical Assn.; a life member in Texas Folklore Society, and Treasurer of the Dallas Art Assn."

In furtherance of plans to extend every possible banking aid to post-war industry, L. M. Giannini, President of Bank of America, San Francisco, announced on Sept. 12 the appointment of Howard C. Pyle as Vice-President of the bank in charge of the institution's new oil division. Mr. Pyle, with Bachelor of Science degree from University of California and Master of Science and Petroleum Engineer degrees from University of Southern California, began his practical experience with the Union Oil Co. of California, serving that concern 14 years. In 1943 he entered the U. S. Army as petroleum engineer with rank of Captain, in the Washington, D. C., office of the Chief Engineer, later becoming Chief, Oil Supply Rehabilitation and Development Branch of the Quartermaster General's office, with rank of Major. In January, 1944, he was assigned to the general staff of Supreme Commander Eisenhower in the European Theater of Operations as petroleum officer, and was later loaned by General Eisenhower to serve on Montgomery's general staff. In October, 1944, he was promoted to the rank of Lieutenant Colonel, and from then on served as Deputy Chief of the general staff Oil Branch, Communications Zone. In that capacity he assisted in directing the petroleum supply to American Armies and Air Forces in Europe, including construction and operation of the now famous pipelines across Europe. With the end of the war Mr. Pyle has been returned to inactive status and has already taken up his new duties with the Bank of America.

Return of S. C. Beise, Executive Vice-President of the Bank of America from Southern California headquarters of the bank in Los Angeles to the San Francisco head office was announced on Sept. 11 by Board Chairman A. J. Gock following a meeting of the bank's board of directors. Mr. Beise, who is Vice-Chairman of the bank's managing committee, is also to become a member of the Advisory Council of the board of directors, and will assume charge of coordination of the bank's administrative departments. He served nine years with various banks in Minnesota and Michigan, and then became a National bank examiner. In 1933 he was assigned to the San Francisco district, and in 1936 became associated with the Bank of America in San Francisco as a Vice-President. Three years later he transferred to Los Angeles to assume administration of the bank's loans in Southern California. He was advanced to the rank of Executive Vice-President in February, 1945.

J. H. Rosenberg, heretofore Vice-President and Manager of Bank of America's Los Angeles main office, has been advanced to the rank of Executive Vice-President in Los Angeles in succession to Mr. Beise. Chairman Gock announced further that E. A. Mattison, Executive Vice-President in charge of development of loan services of the bank, was elected to the Advisory Council of the board of directors.

A recent special meeting of the shareholders of the United States National Bank of Portland, Ore., resulted in action to confirm an earlier proposal by the board of directors of that institution to increase the bank's capital stock, according to E. C. Sammons, President. The shareholders' action will bring about an increase in the bank's capital stock from $6,000,000 to $8,000,000 and an increase in surplus from $8,000,000 to $10,000,000. These changes will provide the bank with a paid-up capital and surplus of $18,000,000 and undivided profits of approximately $4,750,000. This action also marks another in a long line of capital expansions for the United States National since its organization in 1891 with a capital of $250,000. Deposits and capital structure for the past few years are as follows:

Deposits

June 30, 1941----	$177,090,911.27
June 30, 1942----	208,105,063.48
June 30, 1943----	328,571,624.97
June 30, 1944----	428,139,114.56
June 30, 1945----	509,589,564.41

Capital, Surplus, Unallocated Reserves and Undivided Profits

June 30, 1941-----	$11,352,265.54
June 30, 1942-----	12,048,259.09
June 30, 1943-----	12,796,871.81
June 30, 1944-----	17,182,409.17
June 30, 1945-----	18,612,840.37

In pointing out that the capital increase has been authorized by the Comptroller of the Currency, Mr. Sammons also offered the opinion that the bank's revised capital structure would be adequate for many years to come. "It will," he said further, "place the United States National Bank in an advantageous post-war position to meet the demands for credit from rapidly expanding, sound industrial, agricultural and business enterprises and will add strength to the basic function of banking throughout the Pacific Northwest."

Viscount Cranborne has been reappointed a director of Westminster Bank, Ltd., of London. He was formerly a director until 1935, when he resigned to accept an appointment in His Majesty's Government.